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Financing of the United Nations Peacekeeping Force in Cyprus

Performance report on the budget of the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2007 to 30 June 2008

Report of the Secretary-General

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Summary

The present report contains the performance report on the budget of the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2007 to 30 June 2008.

The total expenditure for UNFICYP for that period has been linked to the Force's objective through a number of results-based-budgeting frameworks, grouped by components, namely, substantive civilian (political and civil affairs), military, United Nations police and support.

Performance of financial resources

(Thousands of United States dollars. Budget year is from 1 July 2007 to 30 June 2008.)

			Variance	
Category	*Apportionment*	*Expenditure*	*Amount*	*Percentage*
Military and police personnel	22 530.0	21 483.0	1 047.0	4.6
Civilian personnel	13 414.3	14 646.6	(1 232.3)	(9.2)
Operational costs	14 289.6	14 102.4	187.2	1.3
Gross requirements	**50 233.9**	**50 232.0**	**1.9**	**0.0**
Staff assessment income	2 144.6	2 358.6	(214.0)	(10.0)
Net requirements	**48 089.3**	**47 873.4**	**215.9**	**0.4**
Voluntary contributions in kind (budgeted)	1 471.0	1504.3	(33.3)	(2.3)
Total requirements	**51 704.9**	**51 736.3**	**(31.4)**	**(0.1)**

Human resources incumbency performance

Category	*Approved*[a]	*Actual (average)*	*Vacancy rate (percentage)*[b]
Military contingents	860	857	0.3
United Nations police	69	65	5.8
International staff	39	36	7.7
National staff	110	106	3.6

[a] Represents the highest level of authorized strength.

[b] Based on monthly incumbency and approved monthly strength.

The actions to be taken by the General Assembly are set out in section V of the present report.

I. Introduction

1. The budget for the maintenance of the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2007 to 30 June 2008, set out in the report of the Secretary-General of 1 March 2007 (A/61/774), amounted to $46,848,000 gross ($44,849,700 net), exclusive of budgeted voluntary contributions in kind in the amount of $1,471,000. It provided for 860 military contingent personnel, 69 United Nations police officers, 39 international staff and 110 national staff.

2. On the basis of the recommendation of the Advisory Committee on Administrative and Budgetary Questions, in paragraph 26 of its report of 17 April 2007 (A/61/852/Add.4), the General Assembly, in its resolution 61/280, appropriated the amount of $46,587,400 gross ($44,589,100 net) for the maintenance of the Force for 2007/08.

3. Subsequently, the Secretary-General, in his note to the General Assembly of 1 April 2008 on financing arrangements for UNFICYP (A/62/779), informed the Assembly that additional requirements amounting to $3,646,500 gross ($3,500,200 net) for 2007/08 would be required, resulting primarily from the revision of support arrangements for staff officers and United Nations police officers, the revision of national salary scales effective 1 January 2008 and fluctuations in the exchange rate between the Cyprus pound and the United States dollar from July to December 2007 and between the euro and the United States dollar from January 2008 onward.

4. On the basis of the recommendation of the Advisory Committee, in paragraph 34 of its report of 15 May 2008 (A/62/781/Add.9), the General Assembly, in its resolution 62/255, appropriated the additional amount of $3,646,500 gross ($3,500,200 net) for the maintenance UNFICYP for the 2007/08 period.

5. Based on the above, the General Assembly appropriated the total amount of $50,233,900 gross ($48,089,300 net) for the maintenance of the Force for 2007/08. The appropriated amount included voluntary contributions from the Government of Cyprus in the amount of $16,709,966, equivalent to one third of the net cost of the appropriation, and $6.5 million from the Government of Greece. An amount of $27,023,934 gross ($24,879,334 net) was assessed on Member States for the maintenance of UNFICYP for that period.

II. Mandate performance

A. Overall

6. The mandate of UNFICYP was established by the Security Council in its resolution 186 (1964) and extended by the Council in subsequent resolutions. The mandate for the performance period was provided by the Council in its resolutions 1758 (2007) and 1789 (2007).

7. The Force is mandated to help the Security Council achieve an overall objective, namely, to ensure peace and security in Cyprus and the return to normal conditions.

8. Within this overall objective, UNFICYP has, during the reporting period, contributed to a number of accomplishments by delivering related key outputs,

shown in the frameworks below for the substantive civilian (political and civil affairs), military, United Nations police and support components.

9. The present report assesses actual performance against the planned results-based-budgeting frameworks set out in the 2007/08 budget. In particular, the report compares the actual indicators of achievement, that is, the extent to which actual progress has been made during the period against the expected accomplishments, with the planned indicators of achievement, and the actually completed outputs with the planned outputs.

B. Budget implementation

10. The 2007/08 performance period was characterized by the focus of the Force on the resumption of negotiations on a comprehensive peace plan. In this context, the political process gained momentum following the decision of the two Cypriot leaders on 21 March 2008 to establish six Working Groups and seven Technical Committees. As a result, the Chief of Mission held three meetings with the leaders, and UNFICYP provided substantive and logistical support to the Working Groups and Technical Committees. In addition to their normal duties, four UNFICYP staff performed the functions of facilitators and the Chief of Mission was appointed as the Deputy Special Adviser to the Secretary-General on Cyprus.

11. UNFICYP continued to apply the three-pillar approach in carrying out its tasks, which was based on close cooperation between the civil affairs, military and police components of the Force. Efforts were focused on maintaining the stability of the buffer zone, which had been threatened by intensified civilian activities. To that end, coordination arrangements were established with the relevant authorities to address the trend of unauthorized construction in the buffer zone.

12. The military component continued to carry out its duties with regard to the maintenance of the ceasefire and the integrity of the United Nations buffer zone through the "mobile patrolling concept", the reduction of tension between the opposing forces and the equitable application of the rules governing access and use within the buffer zone.

13. United Nations police activities focused on the further development of policing strategies that promoted the framework in governing the civilian use of the buffer zone. United Nations police maintained relationships with police from both sides to develop anti-crime strategies to facilitate the investigation of crime committed in the buffer zone. United Nations police were also permitted to testify in court proceedings regarding illegal activities in the buffer zone.

14. The support component continued to provide effective and efficient logistical, administrative and security support to the Force for the implementation of its mandated activities. The Force was also tasked with supporting the preparations for the forthcoming negotiations of the Special Adviser to the Secretary-General on Cyprus, including through the facilitation of meetings of the Technical Committees and Working Groups.

15. Operations during the period were characterized by a decline in the value of the United States dollar against the euro and against the Cyprus pound, as well as increases in fuel costs. In addition, the utilization of resources were reprioritized to cover requirements related to the revision of support arrangements for staff officers

and United Nations police officers effective 1 July 2007 and 1 October 2007, respectively, for which no provisions had been made. These were the major factors behind the request of the Secretary-General for additional resources in the last quarter of the 2007/08 period. To ensure that the operational activities of the Force were not adversely affected, UNFICYP decided to defer the acquisition of equipment and the provision of services that were not critically required from the 2007/08 to the 2008/09 period.

C. Regional mission cooperation

16. UNFICYP provided substantive and logistical support to the Special Adviser to the Secretary-General on Cyprus. UNFICYP also continued to serve as the evacuation point for the United Nations Interim Force in Lebanon (UNIFIL) and other United Nations offices based in Lebanon. In addition, UNFICYP provided full engineering and logistical support, as well as finance and administrative services, to the Committee on Missing Persons. UNFICYP also conducted weekly coordination meetings with United Nations agencies, funds and programmes operating in Cyprus, including daily collaboration on the facilitation of bicommunal projects and intercommunal dialogue.

D. Mission support initiatives

17. During the reporting period, mission support to the Force reflected improvements in the areas of asset management, ground transportation, facilities and communications, and information technology. The processing time of write-off requests from receipt to the disposition of cases by the Local Property Survey Board was reduced from 4 weeks to 10 days. In the area of ground transportation, the number of traffic accidents involving UNFICYP personnel was reduced from seven accidents per month in 2006/07 to six accidents per month in 2007/08. In addition, the installation of a large number of the additional air conditioners purchased during the period was completed, in connection with the upgrading of accommodation for UNFICYP troops. The availability of network services was increased through the 100 per cent very small aperture terminal (VSAT) connection to the United Nations Logistics Base at Brindisi, Italy. Commercial communications costs were reduced by 12 per cent through the implementation of Blackberry services to a selected number of personnel, stricter measures on the monitoring of official calls, the implementation of improved billing procedures for personal calls and the regular reviews of the usage of mobile phones.

E. Results-based-budgeting frameworks

Component 1: substantive civilian (political and civil affairs)

18. In addition to fulfilling its peacekeeping mandate, UNFICYP provided support to the political process, which gained momentum following the decision of the two Cypriot leaders on 21 March 2008 to establish six Working Groups and seven Technical Committees. As a result, the Chief of Mission held three meetings with the Leaders, while UNFICYP provided substantive and logistical support to the Working Groups and Technical Committees. Four UNFICYP staff performed

functions of facilitators in addition to their normal duties. The UNFICYP Chief of Mission was appointed as the Deputy Special Adviser to the Secretary-General on Cyprus.

Expected accomplishment 1.1: improved relations between Greek Cypriot and Turkish Cypriot communities

Planned indicators of achievement	*Actual indicators of achievement*
Increased number of people crossing from both sides since the opening of crossing points from 10.6 million in 2005/06 to 18.1 million in 2007/08 (7.5 million in 2006/07)	2.8 million in 2007/08 (for a total of 15.8 million), compared to 2.4 million in 2006/07 (for a total of 13 million) The lower number of crossings was due to the discontinuation of information provided by the Turkish Cypriot side on the Pergamos crossing point
Increased number of crossing points between the north and the south of the United Nations buffer zone from 5 in 2005/06 to 7 in 2007/08 (7 in 2006/07)	Six crossing points, with the opening of the Ledra Street crossing during the reporting period; the parties have agreed in principle to the prospective opening of the Limnitis/Yeşilirmak crossing point pending the resolution of a number of technical aspects (road works)
Increased number of bicommunal contacts between political, private, professional and civic society groups from 105 in 2005/06 to 150 in 2007/08 (100 in 2006/07)	Achieved; 155 bicommunal events with the participation of 8,815 persons

Planned outputs	*Completed (number or yes/no)*	*Remarks*
Facilitation of regular meetings between the sides at a higher political level	119	Meetings, comprising 4 between the leaders of the two sides, 44 meetings between the advisers of the leaders and 71 meetings at various political levels (including bilateral)
Negotiation, mediation and provision of good offices to both sides on confidence-building initiatives through daily meetings and contacts with the concerned parties, including the establishment of a mechanism for bicommunal discussions at the technical level	Yes	Including the facilitation of a total of 206 meetings of the 7 Technical Committees (108 meetings) and 6 Working Groups (98 meetings)
Daily liaison with the relevant authorities (police, civilian and military) on both sides of the buffer zone with a view to facilitating crossings	Yes	Including the facilitation of 66 medical evacuations across the buffer zone
Daily liaison with guarantor Powers and other concerned Member States on implementation of Force's mandate	Yes	Including contacts with the representatives of the 5 permanent members of the Security Council, guarantor Powers and other concerned Member States

Public information campaign on improving relations, including 260 press cables, 64 situation/media summaries, 4,600 media monitoring summaries translated from Greek and Turkish, 1,000 briefings, one survey on the perception of United Nations activities in Cyprus, 135 media events, 1,000 posters, signs (to identify no-go areas, civil use areas, minefields and no dumping, no construction and authorized entry only areas), brochures and twice-monthly public service announcements for pro bono radio broadcasting to raise awareness on the buffer zone use, mine safety, environmental issues, avian flu and other community health issues	260	Press cables
	64	Situation/media summaries
	4,600	Media monitoring summaries translated from Greek a Turkish
	1,000	Briefings
	120	Media events
	24	Public service announcements to raise awareness on environmental issues, hunting in the buffer zone, the Committee on Missing Persons, HIV, gender issues, promotion of blood donations and on demining and mine safety
		The planned survey was not completed pending developments in the political process, which were expected to influence the formulation of the survey. The posters were not completed pending discussions with the Force components on logistical issues in view of evolving conditions/circumstances on the ground
		In addition:
	1	Book on the sixtieth anniversary of peacekeeping, including a CD with UNFICYP images for media distribution
	9	Issues of *The Blue Beret* magazine on environmental issues, hunting in the buffer zone, the Committee on Missing Persons, HIV, gender issues, promotion of blood donations and on demining and mine safety

Expected accomplishment 1.2: progress towards normal living conditions in the United Nations buffer zone and for Greek Cypriots and Maronites in the north and Turkish Cypriots in the south

Planned indicators of achievement	*Actual indicators of achievement*
Decrease in unauthorized commercial and residential construction outside civilian use areas in the buffer zone from 24 in 2005/06 to 14 in 2006/07 and 5 in 2007/08	Achieved. 2 unauthorized constructions in the buffer zone
No complaints received from recipients of humanitarian assistance on either side	Achieved

Planned outputs	*Completed (number or yes/no)*	*Remarks*
Daily intercession with the authorities through mediation, meetings and contacts with both sides, with a view to resolving educational, cultural, religious and other issues of the respective communities	Yes	At headquarters and sector levels, including 50 visits to 22 Turkish Cypriots detained in the south and 2 Greek Cypriots detained in the north, as well as the facilitation of 13 religious and commemorative events on both sides, in which 3,780 Cypriots participated
Daily meetings with local authorities on compliance with UNFICYP requirements on civil use of the buffer zone	747	Meetings and visits, which resulted in the processing, approval and issuance of 819 construction, farming, job access and visit permits in the buffer zone
Weekly humanitarian visits to Greek Cypriots in the Karpas area and to the Maronites in the north to monitor living conditions	120	Humanitarian visits, comprising 95 to Greek Cypriots in the Karpas area and 25 to the Maronites in the north
Weekly humanitarian meetings with Turkish Cypriots in the south to assist in obtaining identity documents, housing, welfare services, medical care, employment and education	No	The non-completion of the output was due to a review of the UNFICYP role in providing assistance and to the temporary closure of its office, which resulted in case loads being handled through a system of ad hoc visits and telephone contacts. 28 visits were carried out as part of an ongoing review of the needs of the Turkish Cypriot community in the south
Monthly humanitarian visits to Turkish Cypriots in Pafos to monitor living conditions	12	Visits

Component 2: military

19. The military component focused on the development and delivery of the operational capabilities and requirements in support of the mandated activities of the Force and, in particular, in ensuring continued stability, thereby promoting conditions for meaningful and lasting political discussions to take place. In conjunction with the other components, the military component carried out its functions on the maintenance of the ceasefire and the integrity of the United Nations buffer zone through the "mobile patrolling concept", the reduction in tension between the opposing forces and the equitable application of the rules governing access and use within the buffer zone.

Expected accomplishment 2.1: maintenance of the ceasefire and the integrity of the United Nations buffer zone

Planned indicators of achievement	*Actual indicators of achievement*
Reduction in ceasefire violations from 946 in 2005/06 to 800 in 2006/07 and 780 in 2007/08	919 violations in 2007/08 compared to 796 in 2006/07, attributable primarily to increased incidences of positions of opposing forces that were manned in excess of their authorized levels

Reduction in the presence of the opposing forces along the buffer zone from 2,538 in 2005/06 to 2,500 in 2006/07 and 2,450 in 2007/08	Achieved. 2,372 personnel from the opposing forces in 2007/08, which was identical to the number in 2006/07

Planned outputs	*Completed (number or yes/no)*	*Remarks*
106,140 mobile troop patrol days (2 troops per patrol x 145 patrols per day x 366 days)	92,232	Mobile troop patrol days (on average, 2 troops per patrol x 126 patrols x 366 days) The lower output resulted from additional tasks related to support of the meetings of the leaders of the two sides, the opening of the Ledra Street crossing and restrictions of movement on certain patrol tracks as a result of demining activities
9,516 military observer and liaison group mobile patrol days (13 troops per day x 2 patrols per day x 366 days)	9,516	Military observer and liaison group mobile patrol days (on average, 13 troops per day x 2 patrols per day x 366 days)
10,980 camp or base duty troop days (6 troops per post x 5 posts x 366 days)	13,176	Camp or base duty troop days (6 troops per post x 6 posts x 366 days) The higher output resulted from the reclassification of one post from an observation post to a camp that met the necessary requirements and established security measures
1,098 permanent observation post troop days (1 soldier per post x 3 shifts x 366 days)	9,882	Permanent observation post troop days (1 soldier per post x 9 observation posts x 3 shifts x 366 days) The higher output was attributable to 9 permanent observation posts, while the planned output related to only 1 observation post
732 daylight observation post troop days (1 soldier per post x 2 shifts x 366 days)	732	Daylight observation post troop days (1 soldier per 1 post x 2 shifts x 366 days)
1,320 air patrol hours covering the full length of the buffer zone	1,282	Air patrol hours (on average, 53.4 hours per month per helicopter x 2 helicopters x 12 months)
20,496 troop days to maintain security of United Nations installations in 6 camp areas (14 troops per shift x 4 shifts x 366 days)	20,496	Troop days (14 troops per shift x 4 shifts x 366 days)
Daily liaison with opposing forces at all levels on buffer zone-related issues (1 meeting at UNFICYP headquarters and 3 meetings at sector level on a daily basis)	1,358	Meetings, comprising 260 meetings at Force headquarters (1 meeting, 5 days a week) and 1,098 meetings at the sector level (daily meetings in 3 sectors)

51,606 troop platoon-size quick reaction reserve days (23 troops per platoon x 4 platoons x 366 days with 2 hours' notice to move; 23 troops per platoon x 2 platoons x 366 days with 4 hours' notice to move; 3 troops x 1 helicopter x 366 days with 45 minutes' notice to move)	46,482	Troop platoon-size quick reaction reserve days (24 troops per platoon x 3 platoons x 366 days with 2 hours' notice to move; 26 troops per platoon x 2 platoons x 366 days with 2 hours' notice to move; 3 troops x 1 helicopter x 366 days with 45 minutes' notice to move) The lower output was attributable to the revised configuration of the quick reaction reserve, resulting in the reduction of 1 platoon, and the discontinuation of the quick reaction reserve with 4 hours' notice to move
		In addition:
	5,856	Quick reaction reserve days (2 military police per patrol x 5 patrols x 366 days; 3 troops x 2 sectors x 366 days)
Daily monitoring of the buffer zone using surveillance technology (closed-circuit television system, Global Positioning System and night observation capability)	Yes	Through 6 closed-circuit television cameras
3,528 demining assistance troop days for escort of third–party demining teams, provision of security and planning and liaison assistance (14 troops per day x 252 days)	20	Demining assistance troop days (4 troops per day x 5 days) The lower output resulted from the discontinuation of the escort of third-party demining teams, owing to safety concerns for military personnel who were not equipped with the appropriate protective gear
Removal of fences surrounding 48 demined areas once all minefields are cleared	Yes	12 minefields cleared, with 1,765 metres of fence removed

Component 3: United Nations police

20. The police component focused its activities on the further development of policing strategies to promote the Force's framework covering the civilian use of the buffer zone. To that end, United Nations police maintained relationships with police authorities from both sides to develop anti-crime strategies to facilitate the investigation of crimes committed in the buffer zone. United Nations police were also permitted to testify in court proceedings regarding illegal activities in the buffer zone.

Expected accomplishment 3.1: enhanced law enforcement in the United Nations buffer zone

Planned indicators of achievement	*Actual indicators of achievement*
Reduction in the number of incidents related to violations of law and order in the buffer zone and in proximity to the crossing points from 127 in 2005/06 to 104 in 2007/08 (79 in 2006/07)	235 incidents in 2007/08 (hunting, illegal dumping, illegal crossings, shooting and other criminal activities) compared to 185 in 2006/07; improved patrolling and coordination with game wardens and local authorities resulted in increased detection of incidents

Planned outputs	*Completed (number or yes/no)*	*Remarks*
11,648 United Nations police patrol days (1 police officer per station x 8 police stations x 4 patrols per day x 7 days per week x 52 weeks)	12,342	United Nations police patrol days, comprising 3,538 in sector 1, 2,532 in sector 2 and 6,272 in sector 4; patrols varied in size, number and frequency based on evolving operational requirements
Crime mapping and statistical reporting to law enforcement agencies of both sides to assist in the identification and targeting of increased criminality areas	No	Crime mapping and statistical reporting completed with the Cyprus police only The lower output resulted from the pending completion of the technical development of the database on information on crime-related matters in the buffer zone
3,900 United Nations police days of humanitarian assistance, including 78 convoys of humanitarian assistance to the Maronites and Greek Cypriots in the north (15 police officers x 5 days per week x 52 weeks)	3,900	United Nations police days of humanitarian assistance (15 police officers x 5 days per week x 52 weeks)

Component 4: support

21. The support component continued to provide logistical, administrative and security support to the Force for the fulfilment of its mandated activities. Improvements in the delivery of services to the Force were achieved in the areas of asset management, ground transportation, communications and information technology. In addition, the support component provided administrative, financial and logistical support in connection with the preparation for the forthcoming negotiations of the Special Adviser to the Secretary-General on Cyprus, including the facilitation of meetings of the Technical Committees and Working Groups.

Expected accomplishment 4.1: effective and efficient logistical, administrative and security support to the mission

Planned indicators of achievement	*Actual indicators of achievement*
Reduction in the processing time for write-off requests from receipt to the disposition of cases by the Local Property Survey Board from approximately 4 to 2 weeks	Achieved. The processing time for write-off requests from receipt to disposition was 10 days on average
Reduction in the number of traffic accidents involving UNFICYP personnel (an average of 12 per month in 2005/06, an average of 8 per month in 2006/07 and an average of 7 per month in 2007/08)	Achieved. The number of traffic accidents involving UNFICYP personnel was reduced from an average of 7 accidents per month in 2006/07 to 6 accidents per month in 2007/08, as a result of measures implemented on road safety awareness, control and evaluation on the issuance of drivers' permits, safe driving skills programmes and the establishment of a committee for the review of traffic violations

Increased provision of upgraded accommodation and facilities for UNFICYP troops from 467 in 2005/06 to 584 in 2006/07 and 664 in 2007/08	Accommodation and facilities upgraded for 663 contingent personnel compared with 569 personnel in 2006/07
Increased availability of network services (up-time of at least 99 per cent)	Achieved. During the period, there was a 100 per cent VSAT connection to the United Nations Logistics Base and 99 per cent of local Internet service providers were at 4 megabytes
Reduction of overall commercial communications costs by 10 per cent	Achieved. Commercial communications costs reduced by 12 per cent (from $442,700 in 2006/07 to $387,400 in 2007/08) through stricter monitoring of official calls, the implementation of billing procedures for personal calls and regular reviews of mobile phone usage
Provision of direct access from the sectors to the mission headquarters shared drives	Two sectors provided access to headquarters shared drives as a result of the implementation of broadband microwave system; access to the remaining sector is planned during the 2008/09 period

Planned outputs	*Completed (number or yes/no)*	*Remarks*
Service improvements		
Implementation of an electronic distribution to members of the Local Property Survey Board of write-off cases to enable their expedited disposition by the Board	No	Implementation of electronic distribution delayed, pending approval by the Board. Notwithstanding, processing time for write-off requests from receipt to disposition was reduced to an average of 10 days based on the existing distribution procedure
Implementation of ongoing road safety programme and driver testing for all United Nations personnel	Yes	Through 6 road safety awareness programmes, semi-annual vehicle safety checks, 5 driving skills training/competitions, including off-road familiarization training, driving exercises involving 10 teams and production of awareness bulletin boards and posters
Replacement of accommodation equipment and furniture in 50 existing accommodation units and installation of 165 air conditioning units	Yes	12 per cent of accommodation equipment and furniture replaced and 165 air conditioners purchased, of which 131 units installed by June 2008
Standardization of all network switches by replacing old switches with 3-layer standardized switches and utilization of fibre optic cables to increase availability of network services	Yes	All network switches replaced and all links with all networks upgraded to fibre optic, resulting in an increase in local area network (LAN) reliability to 99.9 per cent
Implementation of least-cost routing commercial communications through the utilization of an advanced communications system	Yes	Operating system on the private automatic branch exchange (PABX) network upgraded to allow the implementation of the least-cost routing system

Installation of wide-band digital microwave links to increase the data transmittal capacity from 2 to 100 megabits per second	Yes	8 out of 10 microwave links installed
Military, police and civilian personnel		
Emplacement, rotation and repatriation of 860 troops and 69 United Nations police officers	857	Troops (average strength)
	65	United Nations police (average strength)
Verification, inspection and monitoring of contingent-owned equipment and self-sustainment in respect of 860 military contingent personnel and issuance of verification reports	Yes	Verification reports submitted to headquarters on a quarterly basis, two major inspections of contingent-owned equipment conducted and routine verification conducted on a monthly basis
Supply and storage of rations at 6 military positions for 860 military personnel	Yes	For an average of 812 military personnel (excluding staff officers) at 6 locations
Administration of 149 civilian staff, comprising 39 international staff and 110 national staff	36	International staff (average strength)
	106	National staff (average strength)
Implementation of a conduct and discipline programme for 860 military personnel, 69 United Nations police officers and 149 civilian personnel, including training, prevention, monitoring and recommendations for disciplinary action	Yes	Through the conduct of 9 training sessions for 132 personnel (51 military personnel, 66 United Nations police and 15 civilian personnel); 12 monthly reports on category I and II cases submitted to the Regional Conduct and Discipline Team based in UNIFIL; 1 category I case submitted to the Office of Internal Oversight Services in Vienna for review and advice and 65 category II misconduct cases monitored
Facilities and infrastructure		
Maintenance and repair of premises of Force headquarters and 17 military and 7 United Nations police facilities, including completion of 8,000 service requests	Yes	Including completion of 9,034 service requests (engineering, supply, transport, communication and information technology)
Maintenance and repair of 80 kilometres of patrol tracks	85	Kilometres of patrol tracks
Installation of 2,250 metres of fencing for 8 patrol bases, vehicle gates, anti-vehicle barriers, concertina wire and halogen flood lights	920	Metres of fencing The lower output resulted from delays in the finalization of an external contract for new fencing in Camp Roca. Owing to the increased costs of the contract, a decision was made to reinforce the existing fencing using UNFICYP engineering personnel
Operation and maintenance of 81 generators	88	Generators, comprising 69 units in use and 19 units in reserve

Maintenance of 24 helipads in accordance with International Civil Aviation Organization standards	24	Helipads
Ground transportation		
Maintenance and operation of 345 vehicles, including 9 armoured vehicles, at Force headquarters (79 United Nations-owned, 39 contingent-owned and 227 rented vehicles)	334	Vehicles, comprising 70 United Nations-owned, 39 contingent-owned (including 9 armoured) and 225 rented vehicles
Air transportation		
Operation and maintenance of 2 helicopters	2	Helicopters, excluding one helicopter provided by a contingent at no extra cost as replacement when one of the other two helicopters was undergoing maintenance
Supply of 240,000 litres of aviation fuel for air operations	239,670	Litres of aviation fuel
Communications		
Support and maintenance of communications network consisting of 3 satellite Earth stations, 9 PABX telephone systems, 13 repeaters, 334 mobile radios, 336 handheld radios, 11 wideband digital microwave links and 15 narrowband digital microwave links	3	Satellite Earth stations
	11	PABX telephone systems
	13	Repeaters
	334	Mobile radios
	336	Handheld radios
	10	Wideband digital microwave links
Information technology		
Support and maintenance of information technology network consisting of one LAN (UNFICYP headquarters) and 7 wide area networks (WAN), 332 desktop computers, 53 laptop computers, 157 printers, including 32 network printers and 18 servers	1	LAN
	7	WAN
	351	Desktop computers
	59	Laptop computers
	180	Printers (including 47 network printers)
	22	Servers
Implementation of the VMware infrastructure to incorporate many individual servers within a centralized one in order to release some servers for disaster recovery and business continuity backup purposes	No	The implementation was 40 per cent complete by June 2008; full implementation is projected in the 2009/10 period

Implementation of the 802.1 x security architecture over LAN/WAN networks in order to prohibit unauthorized access to network resources	Yes	
Medical		
Operation and maintenance of an upgraded level-I medical centre	Yes	
Operation and maintenance of HIV voluntary confidential counselling and testing facilities for all mission personnel	No	The non-completion of the output resulted from the lack of trained counsellors within the Force to conduct HIV counselling and testing
HIV sensitization programme, including peer education, for all mission personnel	Yes	Through sensitization programmes for 237 military personnel, 48 United Nations police and 105 civilian personnel, peer education training of HIV/AIDS Focal Point by UNIFIL HIV/AIDS Unit and World AIDS Day event
Security		
Provision of a round-the-clock security to 17 military positions and 7 United Nations police locations (including mission headquarters)	Yes	
Updated country-specific security plan with quarterly training exercises, including management of hostage-taking incidents, car bombing incidents, natural disasters or major incidents, such as demonstrations or the outbreak of a pandemic	Yes	Latest security plan published in May 2008
Mission-wide site security assessment, including residential security surveys	Yes	Security risk assessment updated in September 2007 and March 2008
Conduct of 2 information sessions on security awareness and contingency evacuation plans for all mission personnel	2	Training sessions for zone wardens conducted in August 2007 and January 2008
Induction security training and primary fire training/drills for all new mission staff	Yes	
Completion of security enhancement plans for all mission locations	Yes	

III. Resource performance

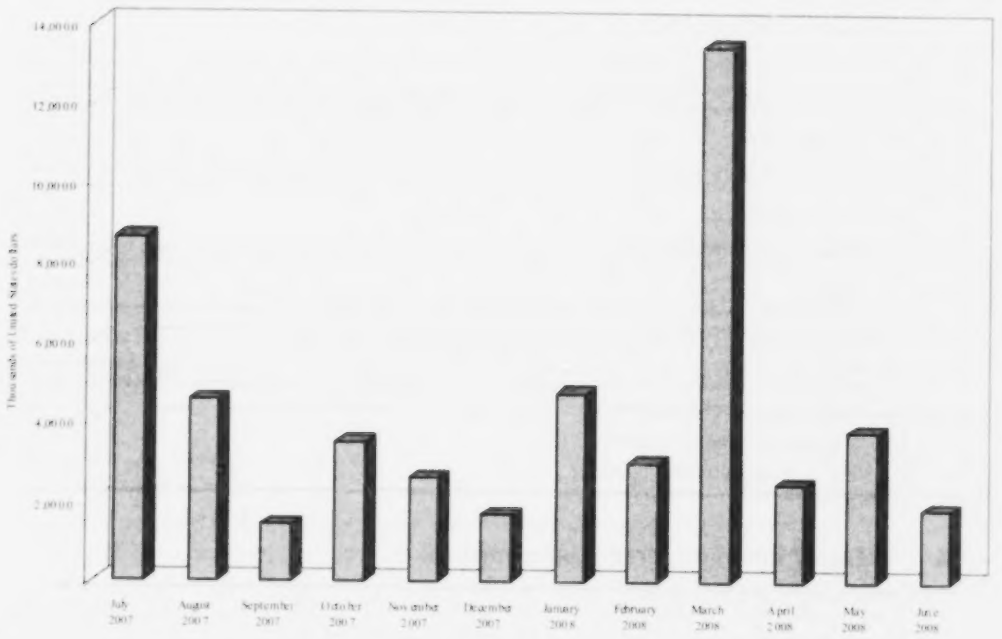
A. Financial resources

(Thousands of United States dollars. Budget year is from 1 July 2007 to 30 June 2008.)

			Variance	
	Apportionment	*Expenditure*	*Amount*	*Percentage*
Category	*(1)*	*(2)*	*(3)=(1)-(2)*	*(4)=(3)÷(1)*
Military and police personnel				
Military observers	—	—	—	—
Military contingents	19 807.0	18 782.7	1 024.3	5.2
United Nations police	2 723.0	2 700.3	22.7	0.8
Formed police units	—	—	—	—
Subtotal	**22 530.0**	**21 483.0**	**1 047.0**	**4.6**
Civilian personnel				
International staff	5 916.3	6 653.9	(737.6)	(12.5)
National staff	7 419.0	7 847.3	(428.3)	(5.8)
United Nations Volunteers	—	—	—	—
General temporary assistance	79.0	145.4	(66.4)	(84.0)
Subtotal	**13 414.3**	**14 646.6**	**(1 232.3)**	**(9.2)**
Operational costs				
Government-provided personnel	—	—	—	—
Civilian electoral observers	—	—	—	—
Consultants	—	—	—	—
Official travel	148.5	199.1	(50.6)	(34.1)
Facilities and infrastructure	6 764.2	6 529.1	235.1	3.5
Ground transportation	3 560.9	3 690.5	(129.6)	(3.6)
Air transportation	1 548.5	1 551.4	(2.9)	(0.2)
Naval transportation	—	—	—	—
Communications	936.0	820.0	116.0	12.4
Information technology	548.8	531.9	16.9	3.1
Medical	305.9	344.5	(38.6)	(12.6)
Special equipment	8.2	11.5	(3.3)	(40.2)
Other supplies, services and equipment	468.6	424.4	44.2	9.4
Quick-impact projects	—	—	—	—
Subtotal	**14 289.6**	**14 102.4**	**187.2**	**1.3**
Gross requirements	**50 233.9**	**50 232.0**	**1.9**	**0.0**
Staff assessment income	2 144.6	2 358.6	(214.0)	(10.0)
Net requirements	**48 089.3**	**47 873.4**	**215.9**	**0.4**
Voluntary contributions in kind (budgeted)[a]	1 471.0	1 504.3	(33.3)	(2.3)
Total requirements	**51 704.9**	**51 736.3**	**(31.4)**	**(0.1)**

[a] Includes $1,504,300 from the Government of Cyprus for maintenance/repair services and maintenance supplies for UNFICYP facilities and rations for United Nations police.

B. Monthly expenditure pattern



22. Higher expenditures in July 2007 and March 2008 were attributable to obligations raised for the reimbursement of troop-contributing Governments for troop costs, contingent-owned equipment and self-sustainment, the provision of rations for military personnel and operational costs, primarily under facilities and infrastructure and ground transportation.

C. Other income and adjustments

(Thousands of United States dollars)

Category	*Amount*
Interest income	363.3
Other/miscellaneous income	587.7
Voluntary contributions in cash	—
Prior-period adjustments	—
Cancellation of prior-period obligations	357.4
Total	**1 308.4**

D. Expenditure for contingent-owned equipment: major equipment and self-sustainment

(Thousands of United States dollars)

Category	*Expenditure*
Major equipment	
Military contingents	1 181.6
Self-sustainment	
Facilities and infrastructure	157.8
Total	**1 339.4**

Mission factors	*Percentage*	*Effective date*	*Last review date*
A. Applicable to mission area	—	—	—
B. Applicable to home country			
Incremental transportation factor	0.25-3.75		

E. Value of non-budgeted contributions

(Thousands of United States dollars)

Category	*Actual value*
Status-of-forces agreement[a]	217.2
Voluntary contributions in kind (non-budgeted)	—
Total	**217.2**

[a] Inclusive of market value, as estimated by UNFICYP, of the cost of United Nations observation posts and office accommodation facilities provided by the Government of Cyprus to the Force for military contingents and United Nations police.

IV. Analysis of variances[1]

	Variance	
Military contingents	$1 024.3	5.2%

23. The unutilized balance resulted primarily from lower actual costs for the rotation of contingents (average round-trip cost of $1,010 per person compared with the budgeted cost of $1,933 per person) and the rotation of some contingent personnel through national military flights. The unspent balance was also attributable to reduced requirements for death and disability compensation.

[1] Resource variance amounts are expressed in thousands of United States dollars. Analysis is provided for variances of at least plus or minus 5 per cent or $100,000.

	Variance	
International staff	($737.6)	(12.5%)

24. The additional requirements were attributable to an increase in post adjustment and increased common staff costs related to the resignation and retirement of six international staff. The additional requirements were offset in part by the higher vacancy rate of 8 per cent compared with the budgeted vacancy factor of 5 per cent.

	Variance	
National staff	($428.3)	(5.8%)

25. The additional requirements were attributable to fluctuations in the exchange rate between the Cyprus pound and the United States dollar from July to December 2007 and between the euro and the United States dollar from January 2008 onward.

	Variance	
General temporary assistance	($66.4)	(84.0%)

26. The additional requirements were attributable to the employment of individual contractors as temporary replacements for staff members on maternity/extended sick leave or for vacant posts, pending the completion of the recruitment of regular staff, to ensure continuity in operational activities and the implementation of projects.

	Variance	
Official travel	($50.6)	(34.1%)

27. The additional requirements were attributable primarily to higher actual costs of non-training travel, owing to higher airfares and fluctuations in exchange rates between the Cyprus pound and the United States dollar from July to December 2007 and between the euro and the United States dollar from January 2008 onward.

	Variance	
Facilities and infrastructure	$235.1	3.5%

28. The unspent balance was attributable mainly to reduced requirements for alteration and renovation services and for the acquisition of accommodation equipment, resulting from the reprioritization of resources for more critical requirements. The unspent balance was partly offset by additional requirements for utilities as a result of the increased cost of fuel and exchange rate fluctuations.

	Variance	
Ground transportation	($129.6)	(3.6%)

29. The additional requirements were attributable primarily to increased requirements for repairs and maintenance and for the rental of vehicles, owing to exchange rate fluctuations and the increase in the cost of fuel.

	Variance	
Communications	$116.0	12.4%

30. The unspent amount was attributable primarily to reduced requirements under commercial communications, resulting from lower costs for telephone calls and Internet charges related to the implementation of Blackberry services to 20 personnel, improved controls on billing for personal calls and reduced charges for the transponder lease.

	Variance	
Medical	($38.6)	(12.6%)

31. The additional requirements resulted primarily from the increased costs of private medical services and fluctuations in exchange rates.

	Variance	
Special equipment	($3.3)	(40.2%)

32. The additional requirements were attributable to increased acquisitions of observation equipment as a result of operational requirements.

	Variance	
Other supplies, services and equipment	$44.2	9.4%

33. The unutilized balance resulted primarily from the reprioritization of resources under training fees, supplies and other services to accommodate more critical operational requirements of the Force.

V. Actions to be taken by the General Assembly

34. **The actions to be taken by the General Assembly in connection with the financing of UNFICYP are:**

(a) **To decide on the treatment of the unencumbered balance of $1,900 with respect to the period from 1 July 2007 to 30 June 2008;**

(b) **To decide on the treatment of other income for the period ended 30 June 2008 amounting to $1,308,400 from interest income ($363,300), other/miscellaneous income ($587,700) and savings on or cancellation of prior-period obligations ($357,400).**

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Review of the lump-sum arrangement of the Office of the United Nations High Commissioner for Refugees

Report of the Secretary-General

Summary

The present report is submitted in compliance with paragraph 23.20 of A/56/6 (Sect. 23), pursuant to which the Office of the United Nations High Commissioner for Refugees would review after three bienniums, the lump-sum arrangement which began in the biennium 2002-2003 to fund a portion of the Office's management- and administration-related costs under the United Nations regular budget. In addition, the United Nations regular budget provides funding for the posts of High Commissioner and Deputy High Commissioner.

As a consequence of the review, the Secretary-General would recommend that the current lump-sum arrangement be maintained, given that, in the past three bienniums, the current arrangement has streamlined and simplified the budgetary presentation and provided more flexibility to the Office.

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I. Introduction

1. In accordance with article 20 of its statute, the Office of the United Nations High Commissioner for Refugees (UNHCR) is financed under the budget of the United Nations. Unless the General Assembly subsequently decides otherwise, no expenditure, other than administrative expenditures relating to the functioning of the Office, is borne by the budget of the United Nations, and all other expenditures relating to the activities of UNHCR are to be financed by voluntary contributions.

2. Prior to the programme budget for the biennium 2002-2003, UNHCR presented its resource requirements under the regular budget for its posts and the related non-post requirements and was subject to the same budgetary process as other sections of the programme budget for regular budget post and non-post requirements.

3. Starting from the biennium 2002-2003, the regular budget provided for (a) two posts, i.e., those of High Commissioner and Deputy High Commissioner, and (b) a lump-sum amount for a portion of the other management- and administration-related costs of UNHCR.

4. These funding arrangements, provided through a grant, have simplified the work of UNHCR by eliminating the need for separate administrative procedures in respect of half of the management and administration posts, and consequently have streamlined and simplified the budgetary process, given that the regular budget represents only a fraction of the overall budget of UNHCR. They have been well suited to the highly operational nature of UNHCR activities, providing the necessary flexibility as well as an incentive to manage resources within the limits of an overall budget ceiling (see A/60/7, paras. VI.23 and VI.25).

5. Further efforts are currently under way to improve the Office's responsiveness to the needs of its beneficiaries by channelling more of its resources into operations (A/62/12, para. 58). UNHCR is undergoing structural and management change aimed at reducing administration and headquarters costs and locating staff and services where they are most effective. UNHCR implemented its initial phase of outposting a number of its centralized administrative and support functions to the newly established Global Service Centre in Budapest with effect from 1 January 2008. UNHCR had initially anticipated that, following the recuperation of its initial investment in the establishment of the new Centre, starting in 2010 savings accruing from the outposting would be in the range of $10 million annually (A/62/12, para. 60).

II. Budgetary process prior to lump-sum arrangement

6. Prior to the lump-sum arrangement, UNHCR post and non-post resource requirements were subject to the same detailed budgetary process as was followed for other sections of the programme budget. For example, the proposed programme budget for the biennium 2000-2001 (A/54/6 (Sect. 23)), totalling $45,650,200, was fully justified to cover (a) the cost of 220 posts (1 Under-Secretary-General, 1 Assistant Secretary-General, and 2 D-2, 10 D-1, 19 P-5, 41 P-4/3, 15 P-2/1 and 131 General Service category) in the amount of $42,770,600; (b) other staff costs of $1,789,000; (c) general operating expenses of $1,011,900; and (d) supplies and materials in the amount of $78,700.

7. Given that the total funding from the United Nations regular budget represented only 2.6 per cent of the total budget of UNHCR ($1,730,028,400) for the biennium 2000-2001, the arrangements were found to be cumbersome for the Office, as it had to administer and report separately on the posts funded by the regular budget, which required additional workload, namely:

(a) Maintenance of separate budget and expenditure records to isolate transactions for the regular budget from other UNHCR funds;

(b) Exclusion of regular budget transactions from UNHCR financial statements to avoid duplication of expenditure reporting by the two United Nations entities;

(c) Maintenance of a separate staffing table for posts funded under the regular budget;

(d) Monthly reporting to Headquarters on any changes to each regular budget post and on vacant posts;

(e) Reconciling of transactions incurred under the regular budget between the amount recorded in the United Nations financial statements and the amounts reported in various UNHCR reports;

(f) Extensive explanation to the Executive Committee regarding the cost incurred for the posts funded from the regular budget to reconcile the amounts reported in the United Nations financial statements and in the UNHCR annual programme budget document.

8. It was decided that a review should be undertaken on the funding of UNHCR from the regular budget to determine whether other budgetary arrangements, such as a lump-sum grant, would be administratively more effective (A/52/6 (Sect. 23), para. 23.14).

III. Lump-sum grant arrangement

9. In its review, UNHCR took into consideration article 20 of its statute on the financing from the budget of the United Nations as well as the view of the Advisory Committee on Administrative and Budgetary Questions on the term "administrative expenditures" (see A/2157, part III), which has been interpreted to mean expenses other than operational expenses and the related management costs. Pursuant to a request of the Advisory Committee, UNHCR also considered the extent to which past budgetary agreements/disagreements on the role between voluntary contributions and regular resources had contributed to a weak financial situation (A/54/7, para. VI.22).

10. As a result of the interpretation of the term "administrative expenditures" to mean expenses other than operational expenses and related management costs, UNHCR and the Secretariat agreed that a distinction should be made between operational and non-operational staff, and that operational support staff, including related costs, should be financed exclusively from the voluntary funds administered by the High Commissioner.

11. In an effort to ensure consistency with the categories used by the United Nations Development Programme, the United Nations Children's Fund and the

United Nations Population Fund, UNHCR embarked on an exercise to redefine and recategorize its posts into three categories, namely management and administration, programme support and programme posts. Management and administration posts are at headquarters only; programme support posts at both headquarters and in the field; and programme posts in the field only. The management and administration category was found to be consistent with the type of posts (non-operational) funded by the regular budget prior to the redefinition and recategorization. The number of management and administration posts identified by UNHCR at the time of the exercise amounted to 433. The number of posts financed by the regular budget for the biennium 2000-2001 had amounted to 220, which represented 50.8 per cent of the number of posts categorized as management and administration posts.

12. For the biennium 2000-2001, the amount of $2,326,300 had been provided from the regular budget towards UNHCR non-post administrative expenditures (other staff costs, general operating expenses, supplies and materials). Using as a basis the 50.8 per cent funded by the regular budget in respect of management and administration posts and applying it to the estimated non-post costs of $28,355,400 for the management and administration category would have resulted in an increase in the regular budget contribution towards non-post administrative expenditure from $2,326,300 to $14,404,500. Taking into account the budgetary constraints of the United Nations at that time, it was not considered that such a substantial increase in the Organization's contribution to UNHCR could be included in the regular budget proposals for the biennium 2002-2003. It was considered that at that stage an increase of $2 million, or 5.1 per cent, could be proposed for the biennium 2002-2003, with subsequent increases to be considered in the context of proposals for each subsequent biennium, but not to exceed $2.5 million (A/60/7, para. VI.22).

13. With regard to the review of the arrangement for funding UNHCR from the United Nations regular budget, it was determined that the provision of a grant would simplify the work of the Office by eliminating the need for separate administrative procedures in respect of half of the management and administration posts. The posts of High Commissioner and Deputy High Commissioner would, however, continue to be funded from the regular budget and shown separately from the grant. As a result, the level of resources attached to those two posts would not be included in the amount proposed for the grant.

14. Accordingly, the level of the grant for the biennium 2002-2003 was based on the revised appropriation approved by the General Assembly at its fifty-fifth session and the additional amount of $2 million representing the increase referred to in paragraph 12 above. Further, the grant would be subject to adjustment for currency and inflation for costs at Geneva. A subsequent review of the level of the regular budget contribution would take place in the context of the preparation of future programme budgets. However, the posts of High Commissioner, at the Under-Secretary-General level, and Deputy High Commissioner, at the Assistant Secretary-General level, would continue to be subject to the same budgetary presentation as posts funded from the regular budget in other sections of the programme budget.

15. Hence, beginning with the 2002-2003 biennium, UNHCR has received funding from the United Nations regular budget for the posts of High Commissioner and Deputy High Commissioner, specifically, and, separately, a lump-sum grant for a portion of the other management- and administration-related costs.

IV. Proposed retention of the lump-sum grant arrangement

16. The change to the lump-sum grant arrangement has eliminated the need for extensive explanation to the Executive Committee of UNHCR of the difference between the amounts reported in the financial statements of the United Nations and in the UNHCR annual programme budget document. It has allowed UNHCR to record the United Nations regular budget component as a contribution, with the income allocated to the management and administration costs of the Office, and to present a reconciled and holistic picture of both the budget and expenditures.

17. At the time the decision was taken to move to the lump-sum arrangement, the UNHCR payroll was managed by the United Nations Office at Geneva. Under that Office at Geneva administration, it was possible to have all UNHCR staff paid from the same source and still have the expenses split between UNHCR and the United Nations regular budget. Technically, this was facilitated by initially recording all expenses in the accounts of the United Nations Office at Geneva and transferring back to UNHCR only those costs not funded from the regular budget.

18. In 2004, UNHCR began using PeopleSoft for its financials and supply chain accounting needs. In June 2007, UNHCR implemented PeopleSoft for the management of its payroll, post management and human resources management systems. All of those systems have been designed to address the comprehensive needs of the Office. Had the development of those systems been obliged to support the separation or exclusion of transactions funded from the regular budget, development and roll-out costs would have been higher. The use of PeopleSoft has had the following consequences:

(a) UNHCR has de-linked from the United Nations Office at Geneva and no longer keeps an interface with the United Nations accounting structure. It is therefore currently not possible to extract from UNHCR payroll systems transactions reported in the format required by the United Nations accounting structure. Should UNHCR need to forward payroll transactions to the United Nations, specific mappings would need to be maintained. Currently, reporting to the United Nations is done on an Excel spreadsheet with a summary of transactions at the account level;

(b) UNHCR does not have the payroll system capacity to isolate the regular budget transactions from other UNHCR transactions. Such isolation would require significant modifications to the various systems, with associated costs;

(c) The UNHCR human resources system does not have the capacity to maintain different staffing tables. Currently, posts funded by the regular budget grant are reported as UNHCR posts and are isolated from other funds through the use of programme coding only. The system would need to be modified to generate separate reporting on posts funded by the United Nations regular budget and other UNHCR posts.

19. Furthermore, UNHCR standard costs for posts are higher than United Nations standard costs as a result of the rotation policy of the Office. Therefore, budgeting for posts based on United Nations parameters does not always correspond to UNHCR parameters.

20. UNHCR policy requires staff in the Professional category to rotate, resulting in frequent changes to staff members' records that have to be communicated to

Headquarters every time they are made. Under the lump-sum arrangement, UNHCR reports to Headquarters on a monthly basis, on the status of the post only, not on the staff member.

21. Concerns have been expressed regarding the lump-sum arrangement, including by the General Assembly in its resolution 56/253, in which it requested the Secretary-General to review the funding of UNHCR from the regular budget in a transparent manner, and by the Advisory Committee on Administrative and Budgetary Questions in its request for an analysis of the way the amount requested had been arrived at (A/60/7, para. VI.25). To address those concerns, during deliberations on the proposed programme budget for the bienniums 2006-2007 and 2008-2009, the Advisory Committee was provided with detailed estimates of the funding from the regular budget, even though the Committee had acknowledged that providing an object-of-expenditure breakdown in the proposed programme budget was inconsistent with the lump-sum approach.

22. In conclusion, the arrangement to provide a lump sum from the United Nations regular budget to UNHCR has indeed provided flexibility and simplified the work of the Office by eliminating the need for separate administrative procedures in respect of the management and administration posts funded under the United Nations regular budget. Based on those positive experiences, it is recommended that the arrangement be maintained.

V. Action required of the General Assembly

23. **The General Assembly may wish therefore to:**

(a) **Take note of the present report;**

(b) **Endorse the maintenance of the lump-sum arrangement for funding of UNHCR in future budget presentation of the proposed programme budget.**

Annex to the letter dated 21 October 2008 from the Permanent Representatives of Norway and the United Republic of Tanzania addressed to the Secretary-General

[Original: Arabic, Chinese, English, French, Russian and Spanish]

ILO DECLARATION ON SOCIAL JUSTICE FOR A FAIR GLOBALIZATION

The International Labour Conference, meeting in Geneva on the occasion of its Ninety-seventh Session,

Considering that the present context of globalization, characterized by the diffusion of new technologies, the flow of ideas, the exchange of goods and services, the increase in capital and financial flows, the internationalization of business and business processes and dialogue as well as the movement of persons, especially working women and men, is reshaping the world of work in profound ways:

– on the one hand, the process of economic cooperation and integration has helped a number of countries to benefit from high rates of economic growth and employment creation, to absorb many of the rural poor into the modern urban economy, to advance their developmental goals, and to foster innovation in product development and the circulation of ideas;

– on the other hand, global economic integration has caused many countries and sectors to face major challenges of income inequality, continuing high levels of unemployment and poverty, vulnerability of economies to external shocks, and the growth of both unprotected work and the informal economy, which impact on the employment relationship and the protections it can offer;

Recognizing that achieving an improved and fair outcome for all has become even more necessary in these circumstances to meet the universal aspiration for social justice, to reach full employment, to ensure the sustainability of open societies and the global economy, to achieve social cohesion and to combat poverty and rising inequalities;

Convinced that the International Labour Organization has a key role to play in helping to promote and achieve progress and social justice in a constantly changing environment:

– based on the mandate contained in the ILO Constitution, including the Declaration of Philadelphia (1944), which continues to be fully relevant in the twenty-first century and should inspire the policy of its Members and which, among other aims, purposes and principles:

affirms that labour is not a commodity and that poverty anywhere constitutes a danger to prosperity everywhere;

recognizes that the ILO has the solemn obligation to further among the nations of the world programmes which will achieve the objectives of

full employment and the raising of standards of living, a minimum living wage and the extension of social security measures to provide a basic income to all in need, along with all the other objectives set out in the Declaration of Philadelphia;

provides the ILO with the responsibility to examine and consider all international economic and financial policies in the light of the fundamental objective of social justice; and

– drawing on and reaffirming the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up (1998) in which Members recognized, in the discharge of the Organization's mandate, the particular significance of the fundamental rights, namely: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation;

Encouraged by the international community's recognition of Decent Work as an effective response to the challenges of globalization, having regard to:

– the outcomes of the 1995 World Summit for Social Development in Copenhagen;

the wide support, repeatedly expressed at global and regional levels, for the decent work concept developed by the ILO; and

the endorsement by Heads of State and Government at the 2005 World Summit of the United Nations of fair globalization and the goals of full and productive employment and decent work for all, as central objectives of their relevant national and international policies;

Convinced that in a world of growing interdependence and complexity and the internationalization of production:

– the fundamental values of freedom, human dignity, social justice, security and non-discrimination are essential for sustainable economic and social development and efficiency;

– social dialogue and the practice of tripartism between governments and the representative organizations of workers and employers within and across borders are now more relevant to achieving solutions and to building up social cohesion and the rule of law through, among other means, international labour standards;

– the importance of the employment relationship should be recognized as a means of providing legal protection to workers;

– productive, profitable and sustainable enterprises, together with a strong social economy and a viable public sector, are critical to sustainable economic development and employment opportunities; and

– the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977), as revised, which addresses the growing role of such actors in the realization of the Organization's objectives, has particular relevance;

Recognizing that the present challenges call for the Organization to intensify its efforts and to mobilize all its means of action to promote its constitutional objectives, and that, to make these efforts effective and strengthen the ILO's

capacity to assist its Members' efforts to reach the ILO's objectives in the context of globalization, the Organization must:

- ensure coherence and collaboration in its approach to advancing its development of a global and integrated approach, in line with the Decent Work Agenda and the four strategic objectives of the ILO, drawing upon the synergies among them;
- adapt its institutional practices and governance to improve effectiveness and efficiency while fully respecting the existing constitutional framework and procedures;
- assist constituents to meet the needs they have expressed at country level based on full tripartite discussion, through the provision of high-quality information, advice and technical programmes that help them meet those needs in the context of the ILO's constitutional objectives; and
- promote the ILO's standard-setting policy as a cornerstone of ILO activities by enhancing its relevance to the world of work, and ensure the role of standards as a useful means of achieving the constitutional objectives of the Organization;

Therefore adopts this tenth day of June of the year two thousand and eight the present Declaration.

I. Scope and principles

The Conference recognizes and declares that:

A. In the context of accelerating change, the commitments and efforts of Members and the Organization to implement the ILO's constitutional mandate, including through international labour standards, and to place full and productive employment and decent work at the centre of economic and social policies, should be based on the four equally important strategic objectives of the ILO, through which the Decent Work Agenda is expressed and which can be summarized as follows:

(i) promoting employment by creating a sustainable institutional and economic environment in which:

- individuals can develop and update the necessary capacities and skills they need to enable them to be productively occupied for their personal fulfilment and the common well-being;
- all enterprises, public or private, are sustainable to enable growth and the generation of greater employment and income opportunities and prospects for all; and
- societies can achieve their goals of economic development, good living standards and social progress;

(ii) developing and enhancing measures of social protection – social security and labour protection – which are sustainable and adapted to national circumstances, including:

- the extension of social security to all, including measures to provide basic income to all in need of such protection, and adapting its scope and coverage to meet the new needs and uncertainties generated by the rapidity of technological, societal, demographic and economic changes;
- healthy and safe working conditions; and
- policies in regard to wages and earnings, hours and other conditions of work, designed to ensure a just share of the fruits of progress to all and a minimum living wage to all employed and in need of such protection;*

(iii) promoting social dialogue and tripartism as the most appropriate methods for:

- adapting the implementation of the strategic objectives to the needs and circumstances of each country;
- translating economic development into social progress, and social progress into economic development;
- facilitating consensus building on relevant national and international policies that impact on employment and decent work strategies and programmes; and
- making labour law and institutions effective, including in respect of the recognition of the employment relationship, the promotion of good industrial relations and the building of effective labour inspection systems;

(iv) respecting, promoting and realizing the fundamental principles and rights at work, which are of particular significance, as both rights and enabling conditions that are necessary for the full realization of all of the strategic objectives, noting:

- that freedom of association and the effective recognition of the right to collective bargaining are particularly important to enable the attainment of the four strategic objectives; and
- that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes.

* Ed. note: In drafting this text, priority was given in each language to concordance with the corresponding official version of article III(d) of the Declaration of Philadelphia adopted by the International Labour Conference in 1944.

B. The four strategic objectives are inseparable, interrelated and mutually supportive. The failure to promote any one of them would harm progress towards the others. To optimize their impact, efforts to promote them should be part of an ILO global and integrated strategy for decent work. Gender equality and non-discrimination must be considered to be cross-cutting issues in the abovementioned strategic objectives.

C. How Members achieve the strategic objectives is a question that must be determined by each Member subject to its existing international obligations and the fundamental principles and rights at work with due regard, among others, to:

(i) the national conditions and circumstances, and needs as well as priorities expressed by representative organizations of employers and workers;

(ii) the interdependence, solidarity and cooperation among all Members of the ILO that are more pertinent than ever in the context of a global economy; and

(iii) the principles and provisions of international labour standards.

II. Method of implementation

The Conference further recognizes that, in a globalized economy:

A. The implementation of Part I of this Declaration requires that the ILO effectively assist its Members in their efforts. To that end, the Organization should review and adapt its institutional practices to enhance governance and capacity building in order to make the best use of its human and financial resources and of the unique advantage of its tripartite structure and standards system, with a view to:

(i) better understanding its Members' needs, with respect to each of the strategic objectives, as well as past ILO action to meet them in the framework of a recurring item on the agenda of the Conference, so as to:

– determine how the ILO can more efficiently address these needs through coordinated use of all its means of action;

– determine the necessary resources to address these needs and, if appropriate, to attract additional resources; and

– guide the Governing Body and the Office in their responsibilities;

(ii) strengthening and streamlining its technical cooperation and expert advice in order to:

– support and assist efforts by individual Members to make progress on a tripartite basis towards all the strategic objectives, through country programmes for decent work, where appropriate, and within the framework of the United Nations system; and

– help, wherever necessary, the institutional capacity of member States, as well as representative organizations of employers and workers, to facilitate meaningful and coherent social policy and sustainable development;

(iii) promoting shared knowledge and understanding of the synergies between the strategic objectives through empirical analysis and tripartite discussion of concrete experiences, with the voluntary cooperation of

countries concerned, and with a view to informing Members' decision-making in relation to the opportunities and challenges of globalization;

(iv) upon request, providing assistance to Members who wish to promote strategic objectives jointly within the framework of bilateral or multilateral agreements, subject to their compatibility with ILO obligations; and

(v) developing new partnerships with non-state entities and economic actors, such as multinational enterprises and trade unions operating at the global sectoral level in order to enhance the effectiveness of ILO operational programmes and activities, enlist their support in any appropriate way, and otherwise promote the ILO strategic objectives. This will be done in consultation with representative national and international organizations of workers and employers.

B. At the same time, Members have a key responsibility to contribute, through their social and economic policy, to the realization of a global and integrated strategy for the implementation of the strategic objectives, which encompass the Decent Work Agenda outlined in Part I of this Declaration. Implementation of the Decent Work Agenda at national level will depend on national needs and priorities and it will be for member States, in consultation with the representative organizations of workers and employers, to determine how to discharge that responsibility. To that end, they may consider, among other steps:

(i) the adoption of a national or regional strategy for decent work, or both, targeting a set of priorities for the integrated pursuit of the strategic objectives;

(ii) the establishment of appropriate indicators or statistics, if necessary with the assistance of the ILO, to monitor and evaluate the progress made;

(iii) the review of their situation as regards the ratification or implementation of ILO instruments with a view to achieving a progressively increasing coverage of each of the strategic objectives, with special emphasis on the instruments classified as core labour standards as well as those regarded as most significant from the viewpoint of governance covering tripartism, employment policy and labour inspection;

(iv) the taking of appropriate steps for an adequate coordination between positions taken on behalf of the member State concerned in relevant international forums and any steps they may take under the present Declaration;

(v) the promotion of sustainable enterprises;

(vi) where appropriate, sharing national and regional good practice gained from the successful implementation of national or regional initiatives with a decent work element; and

(vii) the provision on a bilateral, regional or multilateral basis, in so far as their resources permit, of appropriate support to other Members' efforts to give effect to the principles and objectives referred to in this Declaration.

C. Other international and regional organizations with mandates in closely related fields can have an important contribution to make to the implementation of the

integrated approach. The ILO should invite them to promote decent work, bearing in mind that each agency will have full control of its mandate. As trade and financial market policy both affect employment, it is the ILO's role to evaluate those employment effects to achieve its aim of placing employment at the heart of economic policies.

III. Final provisions

A. The Director-General of the International Labour Office will ensure that the present Declaration is communicated to all Members and, through them, to representative organizations of employers and workers, to international organizations with competence in related fields at the international and regional levels, and to such other entities as the Governing Body may identify. Governments, as well as employers' and workers' organizations at the national level, shall make the Declaration known in all relevant forums where they may participate or be represented, or otherwise disseminate it to any other entities that may be concerned.

B. The Governing Body and the Director-General of the International Labour Office will have the responsibility for establishing appropriate modalities for the expeditious implementation of Part II of this Declaration.

C. At such time(s) as the Governing Body may find appropriate, and in accordance with modalities to be established, the impact of the present Declaration, and in particular the steps taken to promote its implementation, will be the object of a review by the International Labour Conference with a view to assessing what action might be appropriate.

ANNEX

FOLLOW-UP TO THE DECLARATION

I. Overall purpose and scope

A. The aim of this follow-up is to address the means by which the Organization will assist the efforts of its Members to give effect to their commitment to pursue the four strategic objectives important for implementing the constitutional mandate of the Organization.

B. This follow-up seeks to make the fullest possible use of all the means of action provided under the Constitution of the ILO to fulfil its mandate. Some of the measures to assist the Members may entail some adaptation of existing modalities of application of article 19, paragraphs 5(e) and 6(d), of the ILO Constitution, without increasing the reporting obligations of member States.

II. Action by the Organization to assist its Members

Administration, resources and external relations

A. The Director-General will take all necessary steps, including making proposals to the Governing Body as appropriate, to ensure the means by which the Organization will assist the Members in their efforts under this Declaration. Such steps will include reviewing and adapting the ILO's institutional practices and governance as set out in the Declaration and should take into account the need to ensure:

(i) coherence, coordination and collaboration within the International Labour Office for its efficient conduct;

(ii) building and maintaining policy and operational capacity;

(iii) efficient and effective resource use, management processes and institutional structures;

(iv) adequate competencies and knowledge base, and effective governance structures;

(v) the promotion of effective partnerships within the United Nations and the multilateral system to strengthen ILO operational programmes and activities or otherwise promote ILO objectives; and

(vi) the identification, updating and promotion of the list of standards that are the most significant from the viewpoint of governance.[1]

[1] The Labour Inspection Convention, 1947 (No. 81), the Employment Policy Convention, 1964 (No. 122), the Labour Inspection (Agriculture) Convention, 1969 (No. 129), and the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), and those standards identified on subsequently updated lists.

Understanding and responding to Members' realities and needs

B. The Organization will introduce a scheme of recurrent discussions by the International Labour Conference based on modalities agreed by the Governing Body, without duplicating the ILO's supervisory mechanisms, so as to:

(i) understand better the diverse realities and needs of its Members with respect to each of the strategic objectives, respond more effectively to them, using all the means of action at its disposal, including standards related action, technical cooperation, and the technical and research capacity of the Office, and adjust its priorities and programmes of action accordingly; and

(ii) assess the results of the ILO's activities with a view to informing programme, budget and other governance decisions.

Technical assistance and advisory services

C. The Organization will provide, upon request of governments and representative organizations of workers and employers, all appropriate assistance within its mandate to support Members' efforts to make progress towards the strategic objectives through an integrated and coherent national or regional strategy, including by:

(i) strengthening and streamlining its technical cooperation activities within the framework of country programmes for decent work and that of the United Nations system;

(ii) providing general expertise and assistance which each Member may request for the purpose of adopting a national strategy and exploring innovative partnerships for implementation;

(iii) developing appropriate tools for effectively evaluating the progress made and assessing the impact that other factors and policies may have on the Members' efforts; and

(iv) addressing the special needs and capacities of developing countries and of the representative organizations of workers and employers, including by seeking resource mobilization.

Research, information collection and sharing

D. The Organization will take appropriate steps to strengthen its research capacity, empirical knowledge and understanding of how the strategic objectives interact with each other and contribute to social progress, sustainable enterprises, sustainable development and the eradication of poverty in the global economy. These steps may include the tripartite sharing of experiences and good practices at the international, regional and national levels in the framework of:

(i) studies conducted on an ad hoc basis with the voluntary cooperation of the governments and representative organizations of employers and workers in the countries concerned; or

(ii) any common schemes such as peer reviews which interested Members may wish to establish or join on a voluntary basis.

III. Evaluation by the Conference

A. The impact of the Declaration, in particular the extent to which it has contributed to promoting, among Members, the aims and purposes of the Organization through the integrated pursuit of the strategic objectives, will be the subject of evaluation by the Conference, which may be repeated from time to time, within the framework of an item placed on its agenda.

B. The Office will prepare a report to the Conference for evaluation of the impact of the Declaration, which will contain information on:

(i) actions or steps taken as a result of the present Declaration, which may be provided by tripartite constituents through the services of the ILO, notably in the regions, and by any other reliable source;

(ii) steps taken by the Governing Body and the Office to follow up on relevant governance, capacity and knowledge- base issues relating to the pursuit of the strategic objectives, including programmes and activities of the ILO and their impact; and

(iii) the possible impact of the Declaration in relation to other interested international organizations.

C. Interested multilateral organizations will be given the opportunity to participate in the evaluation of the impact and in the discussion. Other interested entities may attend and participate in the discussion at the invitation of the Governing Body.

D. In the light of its evaluation, the Conference will draw conclusions regarding the desirability of further evaluations or the opportunity of engaging in any appropriate course of action.

The foregoing is the *ILO Declaration on Social Justice for a Fair Globalization* duly adopted by the General Conference of the International Labour Organization during its Ninety-seventh Session which was held at Geneva and declared closed on 13 June 2008.

IN FAITH WHEREOF we have appended our signatures this thirteenth day of June 2008:

The President of the Conference,

EDWIN SALAMIN JAEN

The Director-General of the International Labour Office,

JUAN SOMAVIA

Annex

Accra Agenda for Action

(Endorsed at the Third High-level Forum on Aid Effectiveness, Accra, 2-4 September 2008)

Ministers of developing and donor countries responsible for promoting development and Heads of multilateral and bilateral development institutions endorsed the following statement in Accra, Ghana, on 4 September 2008 to accelerate and deepen implementation of the Paris Declaration on Aid Effectiveness (2 March 2005).

This is a moment of opportunity

1. We are committed to eradicating poverty and promoting peace and prosperity by building stronger, more effective partnerships that enable developing countries to realise their development goals.

2. There has been progress. Fifteen years ago, two out of five people lived in extreme poverty; today, that figure has been reduced to one in four. However, 1.4 billion people—most of them women and girls—still live in extreme poverty,[1] and access to safe drinking water and health care remains a major issue in many parts of the world. In addition, new global challenges—rising food and fuel prices and climate change—threaten the advances against poverty many countries have made.

3. We need to achieve much more if all countries are to meet the Millennium Development Goals (MDGs). Aid is only one part of the development picture. Democracy, economic growth, social progress, and care for the environment are the prime engines of development in all countries. Addressing inequalities of income and opportunity within countries and between states is essential to global progress. Gender equality, respect for human rights, and environmental sustainability are cornerstones for achieving enduring impact on the lives and potential of poor women, men, and children. It is vital that all our policies address these issues in a more systematic and coherent way.

4. In 2008, three international conferences will help us accelerate the pace of change: the Accra High Level Forum on Aid Effectiveness, the United Nations High Level Event on the MDGs in New York, and the Financing for Development follow-up meeting in Doha. Today at Accra, we are leading the way, united in a common objective: to unlock the full potential of aid in achieving lasting development results.

We are making progress, but not enough

5. Learning from our past successes and failures in development co-operation and building on the 2003 Rome Declaration on Harmonisation, in March 2005 we adopted an ambitious set of reforms: the Paris Declaration on Aid Effectiveness. In the Paris Declaration, we agreed to develop a genuine partnership, with developing countries clearly in charge of their own development processes. We also agreed to hold each other accountable for achieving concrete development results. Three and one-half years later, we are reconvening in Accra to review progress and address the challenges that now face us.

6. Evidence shows we are making progress, but not enough. A recent evaluation shows that the Paris Declaration has created powerful momentum to change the way developing countries and donors work together on the ground. According to the 2008 Monitoring Survey, a large number of developing countries have improved their management of public funds. Donors, in turn, are increasingly improving their co-ordination at country level. Yet the pace of progress is too slow. Without further reform and faster action we will not meet our 2010 commitments and targets for improving the quality of aid.

We will take action to accelerate progress

7. Evidence shows that we will need to address three major challenges to accelerate progress on aid effectiveness:

8. *Country ownership is key.* Developing country governments will take stronger leadership of their own development policies, and will engage with their parliaments and citizens in shaping those policies. Donors will support them by respecting countries' priorities, investing in their human resources and institutions, making greater use of their systems to deliver aid, and increasing the predictability of aid flows.

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[1] These figures are based on a recent World Bank study that found the poverty line to be $1.25 a day in 2005 prices.

9. *Building more effective and inclusive partnerships.* In recent years, more development actors—middle-income countries, global funds, the private sector, civil society organisations—have been increasing their contributions and bringing valuable experience to the table. This also creates management and co-ordination challenges. Together, all development actors will work in more inclusive partnerships so that all our efforts have greater impact on reducing poverty.

10. *Achieving development results—and openly accounting for them—must be at the heart of all we do.* More than ever, citizens and taxpayers of all countries expect to see the tangible results of development efforts. We will demonstrate that our actions translate into positive impacts on people's lives. We will be accountable to each other and to our respective parliaments and governing bodies for these outcomes.

11. Without addressing these obstacles to faster progress, we will fall short of our commitments and miss opportunities to improve the livelihoods of the most vulnerable people in the world. Therefore, we are reaffirming the commitments we made in the Paris Declaration and, in this Accra Agenda for Action, are agreeing on concrete and monitorable actions to accelerate progress to meet those commitments by 2010. We commit to continuing efforts in monitoring and evaluation that will assess whether we have achieved the commitments we agreed in the Paris Declaration and the Accra Agenda for Action, and to what extent aid effectiveness is improving and generating greater development impact.

Strengthening Country Ownership over Development

12. Developing countries determine and implement their development policies to achieve their own economic, social and environmental goals. We agreed in the Paris Declaration that this would be our first priority. Today, we are taking additional steps to turn this resolution into a reality.

We will broaden country-level policy dialogue on development

13. We will engage in open and inclusive dialogue on development policies. We acknowledge the critical role and responsibility of parliaments in ensuring country ownership of development processes. To further this objective we will take the following actions:

a) Developing country governments will work more closely with parliaments and local authorities in preparing, implementing and monitoring national development policies and plans. They will also engage with civil society organisations (CSOs).

b) Donors will support efforts to increase the capacity of all development actors—parliaments, central and local governments, CSOs, research institutes, media and the private sector—to take an active role in dialogue on development policy and on the role of aid in contributing to countries' development objectives.

c) Developing countries and donors will ensure that their respective development policies and programmes are designed and implemented in ways consistent with their agreed international commitments on gender equality, human rights, disability and environmental sustainability.

Developing countries will strengthen their capacity to lead and manage development

14. Without robust capacity—strong institutions, systems, and local expertise—developing countries cannot fully own and manage their development processes. We agreed in the Paris Declaration that capacity development is the responsibility of developing countries, with donors playing a supportive role, and that technical co-operation is one means among others to develop capacity. Together, developing countries and donors will take the following actions to strengthen capacity development:

a) Developing countries will systematically identify areas where there is a need to strengthen the capacity to perform and deliver services at all levels—national, sub-national, sectoral, and thematic—and design strategies to address them. Donors will strengthen their own capacity and skills to be more responsive to developing countries' needs.

b) Donors' support for capacity development will be demand-driven and designed to support country ownership. To this end, developing countries and donors will i) jointly select and manage technical co-operation, and ii) promote the provision of technical co-operation by local and regional resources, including through South-South co-operation.

c) Developing countries and donors will work together at all levels to promote operational changes that make capacity development support more effective.

We will strengthen and use developing country systems to the maximum extent possible

15. Successful development depends to a large extent on a government's capacity to implement its policies and manage public resources through its own institutions and systems. In the Paris Declaration, developing countries committed to strengthen their systems[2] and donors committed to use those systems to the maximum extent possible. Evidence shows, however, that developing countries and donors are not on track to meet these commitments. Progress in improving the quality of country systems varies considerably among countries; and even when there are good-quality country systems, donors often do not use them. Yet it is recognised that using country systems promotes their development. To strengthen and increase the use of country systems, we will take the following actions:

a) Donors agree to use country systems as the first option for aid programmes in support of activities managed by the public sector.

b) Should donors choose to use another option and rely on aid delivery mechanisms outside country systems (including parallel project implementation units), they will transparently state the rationale for this and will review their positions at regular intervals. Where use of country systems is not feasible, donors will establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures.

c) Developing countries and donors will jointly assess the quality of country systems in a country-led process using mutually agreed diagnostic tools. Where country systems require further strengthening, developing countries will lead in defining reform programmes and priorities. Donors will support these reforms and provide capacity development assistance.

d) Donors will immediately start working on and sharing transparent plans for undertaking their Paris commitments on using country systems in all forms of development assistance; provide staff guidance on how these systems can be used; and ensure that internal incentives encourage their use. They will finalise these plans as a matter of urgency.

e) Donors recollect and reaffirm their Paris Declaration commitment to provide 66% of aid as programme-based approaches. In addition, donors will aim to channel 50% or more of government-to-government assistance through country fiduciary systems, including by increasing the percentage of assistance provided through programme based approaches.

Building More Effective and Inclusive Partnerships for Development

16. Aid is about building partnerships for development. Such partnerships are most effective when they fully harness the energy, skills and experience of all development actors—bilateral and multilateral donors, global funds, CSOs, and the private sector. To support developing countries' efforts to build for the future, we resolve to create partnerships that will include all these actors.

We will reduce costly fragmentation of aid

17. The effectiveness of aid is reduced when there are too many duplicating initiatives, especially at country and sector levels. We will reduce the fragmentation of aid by improving the complementarity of donors' efforts and the division of labour among donors, including through improved allocation of resources within sectors, within countries, and across countries. To this end:

a) Developing countries will lead in determining the optimal roles of donors in supporting their development efforts at national, regional and sectoral levels. Donors will respect developing countries' priorities, ensuring that new arrangements on the division of labour will not result in individual developing countries receiving less aid.

b) Donors and developing countries will work together with the Working Party on Aid Effectiveness to complete good practice principles on country-led division of labour. To that end, they will elaborate plans to ensure the maximum coordination of development co-operation. We will evaluate progress in implementation starting in 2009.

c) We will start dialogue on international division of labour across countries by June 2009.

d) We will work to address the issue of countries that receive insufficient aid.

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[2] These include, but are not limited to, systems for public financial management, procurement, audit, monitoring and evaluation, and social and environmental assessment.

We will increase aid's value for money

18. Since the Paris Declaration was agreed in 2005, OECD-DAC donors have made progress in untying their aid. A number of donors have already fully untied their aid, and we encourage others to do so. We will pursue, and accelerate, these efforts by taking the following actions:

a) OECD-DAC donors will extend coverage of the 2001 DAC Recommendation on Untying Aid to non-LDC HIPCs[3] and will improve their reporting on the 2001 DAC Recommendation.

b) Donors will elaborate individual plans to further untie their aid to the maximum extent.

c) Donors will promote the use of local and regional procurement by ensuring that their procurement procedures are transparent and allow local and regional firms to compete. We will build on examples of good practice to help improve local firms' capacity to compete successfully for aid-funded procurement.

d) We will respect our international agreements on corporate social responsibility.

We welcome and will work with all development actors

19. The contributions of all development actors are more effective when developing countries are in a position to manage and co-ordinate them. We welcome the role of new contributors and will improve the way all development actors work together by taking the following actions:

a) We encourage all development actors, including those engaged in South-South co-operation, to use the Paris Declaration principles as a point of reference in providing development co-operation.

b) We acknowledge the contributions made by all development actors, and in particular the role of middle-income countries as both providers and recipients of aid. We recognise the importance and particularities of South-South cooperation and acknowledge that we can learn from the experience of developing countries. We encourage further development of triangular co-operation.

c) Global funds and programmes make an important contribution to development. The programmes they fund are most effective in conjunction with complementary efforts to improve the policy environment and to strengthen the institutions in the sectors in which they operate. We call upon all global funds to support country ownership, to align and harmonise their assistance proactively, and to make good use of mutual accountability frameworks, while continuing their emphasis on achieving results. As new global challenges emerge, donors will ensure that existing channels for aid delivery are used and, if necessary, strengthened before creating separate new channels that risk further fragmentation and complicate co-ordination at country level.

d) We encourage developing countries to mobilise, manage and evaluate their international cooperation initiatives for the benefit of other developing countries.

e) South-South co-operation on development aims to observe the principle of non-interference in internal affairs, equality among developing partners and respect for their independence, national sovereignty, cultural diversity and identity and local content. It plays an important role in international development co-operation and is a valuable complement to North-South co-operation.

We will deepen our engagement with civil society organisations

20. We will deepen our engagement with CSOs as independent development actors in their own right whose efforts complement those of governments and the private sector. We share an interest in ensuring that CSO contributions to development reach their full potential. To this end:

a) We invite CSOs to reflect on how they can apply the Paris principles of aid effectiveness from a CSO perspective.

b) We welcome the CSOs' proposal to engage with them in a CSO-led multistakeholder process to promote CSO development effectiveness. As part of that process, we will seek to i) improve co-ordination of CSO efforts with government programmes, ii) enhance CSO accountability for results, and iii) improve information on CSO activities.

c) We will work with CSOs to provide an enabling environment that maximises their contributions to development.

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[3] The 2001 DAC recommendation on Untying ODA to the Least Developed Countries (LDCs) covers 31 so-called Heavily Indebted Poor Countries (HIPCs). The OECD Development Assistance Committee (DAC) at its 2008 High Level Meeting agreed to extend the 2001 Recommendation to cover the remaining eight countries that are part of the HIPC initiative: Bolivia, Cameroon, Côte d'Ivoire, Ghana, Guyana, Honduras, Nicaragua and Republic of Congo.

We will adapt aid policies for countries in fragile situations

21. In the Paris Declaration, we agreed that aid effectiveness principles apply equally to development co-operation in situations of fragility, including countries emerging from conflict, but that these principles need to be adapted to environments of weak ownership or capacity. Since then, Principles for Good International Engagement in Fragile States and Situations have been agreed. To further improve aid effectiveness in these environments, we will take the following actions:

a) Donors will conduct joint assessments of governance and capacity and examine the causes of conflict, fragility and insecurity, engaging developing country authorities and other relevant stakeholders to the maximum extent possible.

b) At country level, donors and developing countries will work and agree on a set of realistic peace- and state-building objectives that address the root causes of conflict and fragility and help ensure the protection and participation of women. This process will be informed by international dialogue between partners and donors on these objectives as prerequisites for development.

c) Donors will provide demand-driven, tailored and co-ordinated capacity-development support for core state functions and for early and sustained recovery. They will work with developing countries to design interim measures that are appropriately sequenced and that lead to sustainable local institutions.

d) Donors will work on flexible, rapid and long-term funding modalities, on a pooled basis where appropriate, to i) bridge humanitarian, recovery and longer-term development phases, and ii) support stabilisation, inclusive peace building, and the building of capable, accountable and responsive states. In collaboration with developing countries, donors will foster partnerships with the UN System, international financial institutions and other donors.

e) At country level and on a voluntary basis, donors and developing countries will monitor implementation of the Principles for Good International Engagement in Fragile States and Situations, and will share results as part of progress reports on implementing the Paris Declaration.

Delivering and Accounting for Development Results

22. We will be judged by the impacts that our collective efforts have on the lives of poor people. We recognise that greater transparency and accountability for the use of development resources—domestic as well as external—are powerful drivers of progress.

We will focus on delivering results

23. We will improve our management for results by taking the following actions:

a) Developing countries will strengthen the quality of policy design, implementation and assessment by improving information systems, including, as appropriate, disaggregating data by sex, region and socioeconomic status.

b) Developing countries and donors will work to develop cost-effective results management instruments to assess the impact of development policies and adjust them as necessary. We will better co-ordinate and link the various sources of information, including national statistical systems, budgeting, planning, monitoring and country-led evaluations of policy performance.

c) Donors will align their monitoring with country information systems. They will support, and invest in strengthening, developing countries' national statistical capacity and information systems, including those for managing aid.

d) We will strengthen incentives to improve aid effectiveness. We will systematically review and address legal or administrative impediments to implementing international commitments on aid effectiveness. Donors will pay more attention to delegating sufficient authority to country offices and to changing organisational and staff incentives to promote behaviour in line with aid effectiveness principles.

We will be more accountable and transparent to our publics for results

24. Transparency and accountability are essential elements for development results. They lie at the heart of the Paris Declaration, in which we agreed that countries and donors would become more accountable to each other and to their citizens. We will pursue these efforts by taking the following actions:

a) We will make aid more transparent. Developing countries will facilitate parliamentary oversight by implementing greater transparency in public financial management, including public disclosure of revenues, budgets, expenditures, procurement and audits. Donors will publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure to enable more accurate budget, accounting and audit by developing countries.

b) We will step up our efforts to ensure that—as agreed in the Paris Declaration—mutual assessment reviews are in place by 2010 in all countries that have endorsed the Declaration. These reviews will be based on country results reporting and information systems complemented with available donor data and credible independent evidence. They will draw on emerging good practice with stronger parliamentary scrutiny and citizen engagement. With them we will hold each other accountable for mutually agreed results in keeping with country development and aid policies.

c) To complement mutual assessment reviews at country level and drive better performance, developing countries and donors will jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries. We will review proposals for strengthening the mechanisms by end 2009.

d) Effective and efficient use of development financing requires both donors and partner countries to do their utmost to fight corruption. Donors and developing countries will respect the principles to which they have agreed, including those under the UN Convention against Corruption. Developing countries will address corruption by improving systems of investigation, legal redress, accountability and transparency in the use of public funds. Donors will take steps in their own countries to combat corruption by individuals or corporations and to track, freeze, and recover illegally acquired assets.

We will continue to change the nature of conditionality to support ownership

25. To strengthen country ownership and improve the predictability of aid flows, donors agreed in the Paris Declaration that, whenever possible, they would draw their conditions from developing countries' own development policies. We reaffirm our commitment to this principle and will continue to change the nature of conditionality by taking the following actions:

a) Donors will work with developing countries to agree on a limited set of mutually agreed conditions based on national development strategies. We will jointly assess donor and developing country performance in meeting commitments.

b) Beginning now, donors and developing countries will regularly make public all conditions linked to disbursements.

c) Developing countries and donors will work together at the international level to review, document and disseminate good practices on conditionality with a view to reinforcing country ownership and other Paris Declaration Principles by increasing emphasis on harmonised, results-based conditionality. They will be receptive to contributions from civil society.

We will increase the medium-term predictability of aid

26. In the Paris Declaration, we agreed that greater predictability in the provision of aid flows is needed to enable developing countries to effectively plan and manage their development programmes over the short and medium term. As a matter of priority, we will take the following actions to improve the predictability of aid:

a) Developing countries will strengthen budget planning processes for managing domestic and external resources and will improve the linkages between expenditures and results over the medium term.

b) Beginning now, donors will provide full and timely information on annual commitments and actual disbursements so that developing countries are in a position to accurately record all aid flows in their budget estimates and their accounting systems.

c) Beginning now, donors will provide developing countries with regular and timely information on their rolling three- to five-year forward expenditure and/or implementation plans, with at least indicative resource allocations

that developing countries can integrate in their medium-term planning and macroeconomic frameworks. Donors will address any constraints to providing such information.

d) Developing countries and donors will work together at the international level on ways of further improving the medium-term predictability of aid, including by developing tools to measure it.

Looking Forward

27. The reforms we agree on today in Accra will require continued high level political support, peer pressure, and co-ordinated action at global, regional, and country levels. To achieve these reforms, we renew our commitment to the principles and targets established in the Paris Declaration, and will continue to assess progress in implementing them.

28. The commitments we agree today will need to be adapted to different country circumstances—including in middle-income countries, small states and countries in situations of fragility. To this end, we encourage developing countries to design—with active support from donors—country-based action plans that set out time-bound and monitorable proposals to implement the Paris Declaration and the Accra Agenda for Action.

29. We agree that, by 2010, each of us should meet the commitments we made on aid effectiveness in Paris and today in Accra, and to reach beyond these commitments where we can. We agree to reflect and draw upon the many valuable ideas and initiatives that have been presented at this High Level Forum. We agree that challenges such as climate change and rising food and fuel prices underline the importance of applying aid effectiveness principles. In response to the food crisis, we will develop and implement the global partnership on agriculture and food swiftly, efficiently and flexibly.

30. We ask the Working Party on Aid Effectiveness to continue monitoring progress on implementing the Paris Declaration and the Accra Agenda for Action and to report back to the Fourth High Level Forum on Aid Effectiveness in 2011. We recognise that additional work will be required to improve the methodology and indicators of progress of aid effectiveness. In 2011, we will undertake the third round of monitoring that will tell us whether we have achieved the targets for 2010 agreed in Paris in 2005.[4] To carry forward this work, we will need to develop institutionalised processes for the joint and equal partnership of developing countries and the engagement of stakeholders.

31. We recognise that aid effectiveness is an integral part of the broader financing for development agenda. To achieve development outcomes and the MDGs we need to meet our commitments on both aid quality and aid volumes. We ask the Secretary General of the United Nations to transmit the conclusions of the Third High Level Forum on Aid Effectiveness to the High Level Event on the MDGs in New York later this month and the Financing for Development Review meeting in Doha in November 2008. We welcome the contribution that the ECOSOC Development Co-operation Forum is making to the international dialogue and to mutual accountability on aid issues. We call upon the UN development system to further support the capacities of developing countries for effective management of development assistance.

32. Today, more than ever, we resolve to work together to help countries across the world build the successful future all of us want to see—a future based on a shared commitment to overcome poverty, a future in which no countries will depend on aid.

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[4] We will have that information available for the Fourth High Level Forum on Aid Effectiveness in 2011, along with comprehensive second phase evaluations of the implementation of the Paris Declaration and the Accra Agenda for Action as of 2010. Attention will also be paid to improving and developing communications on aid effectiveness for long-term development success and broad-based public support.

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Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

Eradication of poverty and other development issues

Follow-up to the outcome of the Millennium Summit

Letter dated 7 November 2008 from the Permanent Representatives of Guatemala and Switzerland to the United Nations addressed to the Secretary-General

On behalf of the delegations of Benin, Brazil, Canada, Finland, Honduras, Iceland, Indonesia, Madagascar, Mexico, Nigeria, Norway, Peru, Spain and the United Republic of Tanzania, we have the honour to transmit herewith the executive summary of the final report of the Commission on Legal Empowerment of the Poor, entitled "Making the law work for everyone".

In the light of the importance of the report and its relevance to the work of the United Nations, particularly in the economic and social fields, we would appreciate if the present letter and its annex were to be issued as a document of the sixty-third session of the General Assembly, under agenda items 44, 53 and 107.

(*Signed*) Gert **Rosenthal**
Permanent Representative of Guatemala to the United Nations

(*Signed*) Peter **Maurer**
Permanent Representative of Switzerland to the United Nations

08-60035 (E) 041208

Annex to the letter dated 7 November 2008 from the Permanent Representatives of Guatemala and Switzerland to the United Nations addressed to the Secretary-General

[Original: Arabic, English, French and Spanish]

Executive Summary

The spectre of poverty and the resultant suffering from want and fear have been realities for so long that poverty is often deemed to be a natural and inevitable part of the human condition. In earlier times, when the struggle merely to survive was paramount for most people, this conclusion seemed reasonable, perhaps even unavoidable. In our era, however, we have every possibility to make economic opportunity broadly available. In the last six decades, more wealth has been created than in all previous history. No longer can it be argued that poverty is natural or inevitable.

Though many have shared in this prosperity, far too many of the world's people have been left behind, still living in deprivation, taking talent unused to the grave. Sub-Saharan Africa is not on track to achieve any of the Millennium Development Goals and extreme poverty persists on every continent. Statistics abound of the number of people that live in extreme income poverty, no matter how hard they work. And lack of income is just one dimension of poverty.

This Commission argues that four billion people around the world are robbed of the chance to better their lives and climb out of poverty, because they are excluded from the rule of law.[1] Whether living below or slightly above the poverty line, these men, women, and children lack the protections and rights afforded by the law. They may be citizens of the country in which they live, but their resources, modest at best, can neither be properly protected nor leveraged. Thus it is not the absence of assets or lack of work that holds them back, but the fact that the assets and work are insecure, unprotected, and far less productive than they

might be. There are further vulnerabilities, as well. Indigenous communities may be deprived of a political voice and their human rights violated. In addition to exclusion based on their poverty and their gender, poor women may also be denied the right to inherit property. In our own era then, vast poverty must be understood as created by society itself.

In too many countries, the laws, institutions, and policies governing economic, social, and political affairs deny a large part of society the chance to participate on equal terms. The rules of the game are unfair. This is not only morally unacceptable; it stunts economic development and can readily undermine stability and security. The outcomes of governance – that is, the cumulative effect of policies and institutions on peoples' lives – will only change if the processes of governance are fundamentally changed.

The Commission...

The Commission on Legal Empowerment of the Poor was created to address this challenge. It is comprised of 21 Commissioners, including former heads of state and government, cabinet ministers, jurists, economic researchers, and other senior policymakers from the North, South, East and West. We hold diverse views regarding the pluses and minuses of globalisation but agree on the imperative of finding better ways to fight poverty and exclusion. During the past three years, we conducted 22 national consultation processes with representatives from local governments, academia, civil society, and grassroots movements. We launched five technical working groups, which submitted specialised reports. We drew on our own experience, reviewed relevant literature, talked to people from all walks of life, and debated with national and international policymakers and amongst ourselves. We have seen and heard success stories, and we believe there is compelling evidence that when poor people are accorded the protections of the rule of law, they can prosper.

... and its Assessment: Four Billion Lives Excluded

The Commission believes poverty is man-made, by action and inaction, and a failure of public policies and of markets. The Commission sees that in rich countries people are more likely to enjoy access to justice and other rights – as workers, businesspeople, and owners of property. The recent, and vast, creation of wealth rests upon various legal protections, norms, and instruments governing such things as business organisations, corporations, tradable assets, labour contracts, workers associations, venture capital, insurance, and intellectual property. While the same protections and instruments exist in many developing countries, the overwhelming majority has no way to access them. Notwithstanding this reality, the legal underpinnings of entrepreneurship, employment, and market interaction are often taken for granted by traditional approaches to development and standard economic theory. Contracts and property rights are assumed to be in place, and what transpires in the informal economy is scarcely taken into account. In fact, most development initiatives tend to focus on the official economy, the formal legal system, and institutions at the national rather than the local level.

However, most poor people do not live under the shelter of the law, but far from the law's protection and the opportunities it affords. Informal local norms and institutions govern their lives and livelihoods, and where they are not excluded from the legal system, they are often oppressed by it. Because the poor lack recognised rights, they are vulnerable to abuse

by authorities that discriminate, seek bribes, or take the side of powerful interests who may wish to prevent the poor from competing economically or seek to evict them from their land. Such discrimination has massive consequences. The Commission finds that at least four billion people are excluded from the rule of law. It is the minority of the world's people who can take advantage of legal norms and regulations. The majority of humanity is on the outside looking in, unable to count on the law's protection and unable to enter national, let alone global markets.

Legal Empowerment of the Poor as a Development Strategy

When the law works for everyone, it defines and enforces the rights and obligations of all. This allows people to interact with one another in an atmosphere that is certain and predictable. Thus, the rule of law is not a mere adornment to development; it is a vital source of progress. It creates an environment in which the full spectrum of human creativity can flourish, and prosperity can be built. The Commission understands legal empowerment to be a process of systemic change through which the poor and excluded become able to use the law, the legal system, and legal services to protect and advance their rights and interests as citizens and economic actors.

The law is the platform on which rest the vital institutions of society. No modern market economy can function without law, and to be legitimate, power itself must submit to the law. A thriving and inclusive market can provide the fiscal space that allows national governments to better fulfil their own responsibilities. The relationship between society, the state and the market is symbiotic. For example, the market not only reflects basic freedoms such as association and movement, but also generates resources to provide, uphold, and enforce the full array of human rights. It is processes such as these, in which the poor realise their rights and reap the benefits of new opportunities, which enable the fruition of citizenship – in short, legal empowerment.

If law is a barrier to the poor who wish to better their condition, if it is seen as an obstacle to dignity and security, then the idea of law as a legitimate institution will soon be renounced. If

the law is accepted and understood as offering protection and equality of opportunity, and ensuring access to fair and neutral process, then the law will be revered as a foundation of justice.

There are no technical fixes for development. For states to guarantee their citizens' right to protection, systems can, and have to be changed, and changed systemically. Legal empowerment is a central force in such a reform process. It involves states delivering on their duty to respect, protect, and fulfil human rights, and the poor realising more and more of their rights, and reaping the opportunities that flow from them, through their own efforts as well as through those of their supporters, wider networks, and governments. The elements of legal empowerment are grounded in the spirit and letter of international human rights law, and particularly in Article 1 of the Universal Declaration of Human Rights, which declares, 'All human beings are born free and equal in dignity and rights.'

Democracy: Indispensable Means, Just End

The Declaration's fine words, written 60 years ago, are universally accepted but rarely fulfilled. If the poor are to be legally empowered, they must have effective, legally protected rights. These include the right to vote, the right to free expression, and the right to due process. It is a central purpose of democratic societies to provide these rights, and an ongoing challenge to do so consistently and equitably. International organisations, both regional and global, can help support the construction of democratic institutions through a variety of means.

Some have cautioned against democratisation while the rule of law remains imperfect. The Commission disagrees. Democracy and legal empowerment are kindred spirits, and are better synchronised than sequenced. In the absence of empowerment, societies lose the benefits that come from the free flow of information, open debate, and new ideas. Meanwhile, governments are not held accountable for unwise policies. There is a reason that no democracy has experienced famine, and that trends over several decades suggest democracies are less likely to become embroiled in conflict. There is, of course, no single model of democracy, but the needs of the poor can often be better voiced when decision-making is decentralised to the local level. The core principle underlying democracy, in all its forms, is that legitimate power is derived from the freely expressed will of the people. Strengthening democracy is essential to legal empowerment.

To the Reformers: Resistance and Reward

Transforming a society to include the poor requires comprehensive legal, political, social, and economic reforms. In the short term, reform is unlikely to seem an easy option. There is, however, a harvest to leadership. When the poor are able to find protection and opportunity in the legal system, practical benefits become evident. As the informal economy becomes documented the tax base is widened, increasing revenue for national development. Economic gains expand local markets and increase financial activity at all levels. As the rule of law spreads, the predatory networks that exploit vulnerable participants in the informal economy begin to unravel, and more and more people develop a stake in the reduction of crime and the maintenance of a peaceful social order. As this transformation occurs reform gains momentum and governments that have embraced reformist ideas are accorded increasing credibility, especially

among political constituencies whose voices had previously gone unheard. In this way, legal empowerment can embody and live out a compelling narrative for progress.

Legal empowerment is not a substitute for other important development initiatives, such as investing more in education, public services, and infrastructure, enhancing participation in trade, and mitigating and adapting to climate change: instead, it complements such initiatives, multiplying their impact by creating the conditions for success. People living in abject poverty need immediate assistance and specially targeted interventions. The provision of quality education, especially for girls, could not be more urgent. The Commission is convinced that the world's four billion excluded possess significant capabilities. If states and laws are reformed to appropriately recognise the poor, if the law can be made to work for everyone, those who are excluded will quickly begin to transcend their current circumstances and contribute to the solution of otherwise chronic economic and social problems.

The Four Pillars of Legal Empowerment of the Poor

In the course of its deliberations, and on the basis of the work of its thematic working groups, the Commission developed a comprehensive agenda for legal empowerment encompassing four crucial pillars that must be central in national and international efforts to give the poor protection and opportunities. Legal empowerment can only be realised through systemic change aimed at unlocking the civic and economic potential of the poor. The Commission's agenda includes: *access to justice and the rule of law, property rights, labour rights, and 'business rights'.** These four pillars reinforce and rely on each other. In their convergence and through their synergy, legal empowerment can be achieved.

First Pillar: Access to Justice and The Rule of Law

First among rights is that which guarantees all others: access to justice and the rule of law. Legal empowerment is impossible when, *de jure or de facto*, poor people are denied access to a well functioning justice system. Where just laws enshrine and enforce the rights and obligations of society, the benefits to all, especially the poor, are beyond measure. Ensuring equitable access to justice, though fundamental to progress, is hard to achieve. Even if the legal system is technically inclusive and fair, equal access to justice can only be realised with the commitment of the state and public institutions. Legal empowerment measures in this domain must:

- Ensure that everyone has the fundamental right to legal identity, and is registered at birth;
- Repeal or modify laws and regulations that are biased against the rights, interests, and livelihoods of poor people;
- Facilitate the creation of state and civil society organisations and coalitions, including paralegals who work in the interest of the excluded;
- Establish a legitimate state monopoly on the means of coercion, through, for example, effective and impartial policing;
- Make the formal judicial system, land administration systems, and relevant public institutions more accessible by recognising and integrating customary and informal legal procedures with which the poor are already familiar;

* 'Business rights' need not yet be regarded as a new term in law, but rather as derived from existing rights related to doing business of the individual, newly bundled together under this term on the basis of their vital instrumentality in the livelihoods of the poor.

- Encourage courts to give due consideration to the interests of the poor;
- Support mechanisms for alternative dispute resolution;
- Foster and institutionalise access to legal services so that the poor will know about laws and be able to take advantage of them;
- Support concrete measures for the legal empowerment of women, minorities, refugees and internally displaced persons, and indigenous peoples.

Second Pillar: Property Rights

Ownership of property, alone or in association with others, is a human right. A fully functioning property system is composed of four building blocks: a system of rules that defines the bundle of rights and obligations between people and assets reflecting the multiplicity and diversity of property systems around the world; a system of governance; a functioning market for the exchange of assets; and an instrument of social policy. Each of these components can be dysfunctional, operating against the poor. When the system fully functions, it becomes a vehicle for the inclusion of the poor in the formal economy, and a mechanism for their upward social mobility. When the entire system or a single component is dysfunctional, the poor are deprived of opportunity or discriminated against.

As reforms of property rights are inherently risky, full attention should be paid to securing the rights of the poor. Women, who constitute half the world's population, own only 10 percent of the world's property. Indigenous people and others also experience active discrimination. To ensure group rights, imaginative legal thinking is required. Providing the absolute poor with rights and access to assets means direct social interventions.

To be fully productive, assets need to be formally recognised by a system encompassing both individual and collective property rights. This includes recognition of customary rights. Embodying them in standard records, titles, and contracts, in accordance with the law, protects households and businesses. Evictions

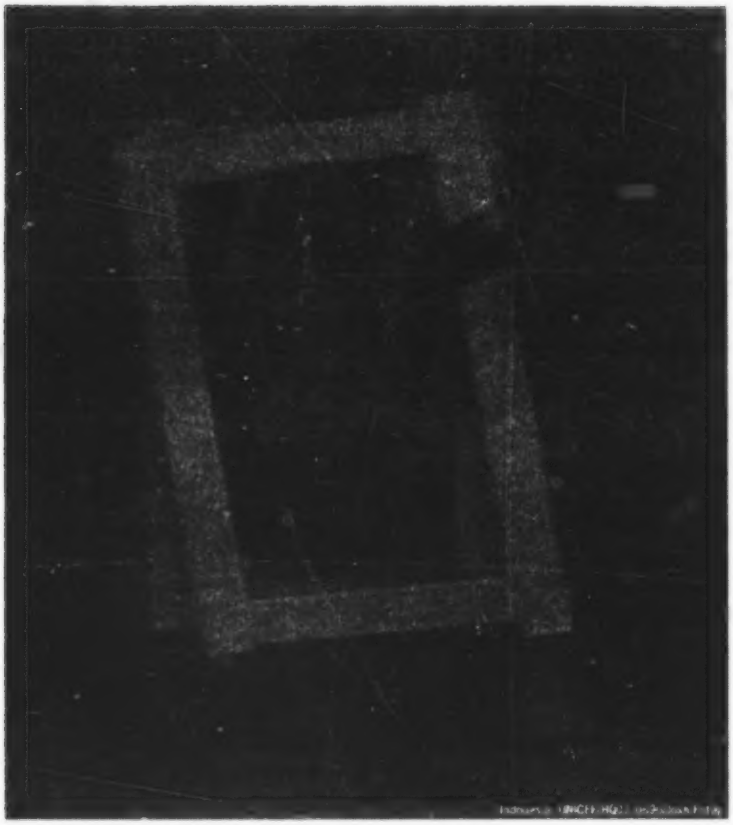
should only be an option in circumstances where physical safety of life and property is threatened, where contract agreements have been breached, or under fair eminent domain procedures. It must be by due legal process, equally applicable, contestable, and independent, and where the cost of eviction is fully compensated. Property rights, including tenure security, should not only be protected by law, but also by connecting the property of the poor to wide societal interest (by increasing the range of validation of their tenure security). The possibility is opened for the poor to use property as collateral for obtaining credit, such as a business loan or a mortgage. It encourages compliance by attaching owners to assets, assets to addresses, and addresses to enforcement; that is, making people accountable. As such, property reform can strengthen access to legal identity and to justice. Property records unify dispersed arrangements into a single legally compatible system. This integrates fragmented local markets, enabling businesses to seek out new opportunities outside their immediate vicinity, and putting them in the context of the law where they will be better protected by due process and association of cause. Legal empowerment measures in this domain must:

- Promote efficient governance of individual and collective property in order to integrate the extralegal economy into the formal economy and ensure it remains easily accessible to all citizens;
- Ensure that all property recognised in each nation is legally enforceable by law and that all owners have access to the same rights and standards;
- Create a functioning market for the exchange of assets that is accessible, transparent, and accountable;
- Broaden the availability of property rights, including tenure security, through social and other public policies, such as access to housing, low interest loans, and the distribution of state land;
- Promote an inclusive property-rights system that will automatically recognise real and immoveable property bought by men as the co-property of their wives or common-law partners.

Third Pillar: Labour Rights

The poor may spend most of their waking hours at the workplace, barely surviving on what they take from it. But labour is not a commodity. In the same way that property and the physical assets of the poor are recognised, so must the greatest asset of the poor – their labour and human capital – be effectively recognised. The legitimacy, even the acceptability, of the economy depends upon basic labour rights, as does the development of human capital necessary for sustained growth. In turn, the continuous improvement of labour and social rights depends on a successfully functioning market economy. The typical and tired pattern of low productivity, low earnings, and high risks must be replaced by the fulfilment of the *Fundamental Principles and Rights at Work* and the *Decent Work Agenda*, and the strategy to provide protection and opportunity to workers in the informal economy, a coalition described as an emerging global social contract. Here is how:

- Respect, promote, and realise freedom of association so that the identity, voice, and representation of the working poor can be strengthened in the social and political dialogue about reform and its design;
- Improve the quality of labour regulation and the functioning of labour market institutions, thereby creating synergy between the protection and productivity of the poor;
- Ensure effective enforcement of a minimum package of labour rights for workers and enterprises in the informal economy that upholds and goes beyond the *Declaration of*



Fundamental Principles and Rights at Work;

- Increase access to employment opportunities in the growing and more inclusive market economy;
- Expand social protection for poor workers in the event of economic shocks and structural changes;
- Promote measures that guarantee access to medical care, health insurance, and pensions;
- Ensure that legal empowerment drives gender equality, thus meeting the commitments under ILO standards that actively promote the elimination of discrimination and equality of opportunity for, and treatment of, women, who have emerged as a major force in poverty reduction in poor communities.

Fourth Pillar: Business Rights[2]

The Commission holds it to be self-evident that the poor are entitled to rights, not only when working for others but also in developing their own businesses. Access to basic financial services is indispensable for potential or emerging entrepreneurs. Just as important is access to protections and opportunities such as the ability to contract, to make deals, to raise investment capital through shares, bonds, or other means, to contain personal financial risk through asset shielding and limited liability, and to pass ownership from one generation to another. These rights may not be equally relevant to every entrepreneur but they are instrumental in poverty eradication and economic development. They must be accessible to all the many micro, small, and medium enterprises in the developing world – many operated by women - that employ a large portion of the labour force. The success or failure of this economic sector will often spell the difference between economic progress versus stagnation, increased employment versus widespread joblessness, and creation of a broader society of stakeholders versus deeper inequality leading to a weakened social contract. Legal empowerment measures in this domain must:

- Guarantee basic business rights; including the right to vend, to have a workspace, and to

have access to necessary infrastructure and services (shelter, electricity, water, sanitation);
- Strengthen effective economic governance that makes it easy and affordable to set up and operate a business, to access markets, and to exit a business if necessary;
- Expand the definition of 'legal person' to include legal liability companies that allow owners to separate their business and personal assets, thus enabling prudent risk-taking;
- Promote inclusive financial services that offer entrepreneurs in the developing world what many of their counterparts elsewhere take for granted – savings, credit, insurance, pensions, and other tools for risk management;
- Expand access to new business opportunities through specialised programmes to familiarise entrepreneurs with new markets and help them comply with regulations and requirements, and that support backward and forward linkages between larger and smaller firms.

Institutional Momentum and Implementation

To succeed, legal empowerment has to lead to systemic change, including institutional reform. In a comprehensive agenda, rather than a piecemeal approach the four pillars of legal empowerment reinforce each other. Effective institutions and laws that spell out rights and obligations give individuals the confidence to cooperate with others over time and distance, thereby steadily creating wealth. Productivity gains released through reform in one area carry over into others. Mechanisms for social protection and labour rights are closely linked to the development of a competitive and productive business environment. In legal empowerment, good things go together.

Political leadership is imperative. A comprehensive agenda will be best run not by individual ministries, in competition for support and attention, but by presidents and prime ministers in cooperation with ministers of finance, justice, and labour. Using their political authority, presidents and prime ministers can drive the agenda forward and create vital political momentum. But high office is not a precondition to effective leadership. Citizens and grass-roots organisations can create valuable momentum for change by educating the public and rallying around the themes of legal empowerment. Many improvements in the lives of the poor have been realised through social innovation. Legal Empowerment must also travel bottom-up.

The Commission's recommended approach to legal empowerment is different from traditional approaches to legal and institutional reform and does not involve off-the-shelf blueprints for implementation. National and local contexts differ, creating a varied array of hurdles and opportunities for reform that must be taken into account. Success, however, is likely to share common features. Broad political coalitions, drawing leaders from across society and committed to championing policies, will smooth the way to legal empowerment and help overcome resistance, diversion, and delay. Knowledge of, and being attuned to, the political context and reforms based on a deep and shared understanding of local conditions in both the formal and informal economy is essential. The gender dimension needs critical attention in all four domains, as do indigenous peoples' rights and customary law. The poor are not the objects of legal empowerment, but its co-designers and facilitators. They must participate and provide feedback in all phases of the reform, including the close monitoring of the results. Reform must grow from the realities and the needs of

the poor. The Commission is convinced that success is most likely where the will to achieve democracy is greatest.

How to Proceed in the Multilateral Realm

While the government is the key responsible actor, the 'duty bearer' in human rights terms, in a process of Legal Empowerment of the Poor, the United Nations and the broader multilateral system can help by lending their full support. The international non-governmental community can do the same. More specifically:

- The legal empowerment agenda must be integrated as a core concern of global multilateral agencies such as the World Bank, UNDP, ILO, FAO and UN-HABITAT. In their distinctive ways, these agencies influence how governments establish and implement the rules that define economic and social protections and opportunities. Their strategies and operational approaches must change in order for them to provide strong, sustained, and coordinated support to Legal Empowerment of the Poor. UNDP should take the lead and work with other UN agencies to develop a coherent multilateral agenda for legal empowerment;
- Legal Empowerment of the Poor must also become a core mission for regional political organisations, regional banks, and regional UN institutions. These organisations can work closely with national leaders both to assist governments engaged in reform and to exert a normative influence on governments less willing to embrace reform;
- Civil society and community-based organisations can contribute by connecting the poor to political institutions at every level, advocating better representation for the poor, organising support for reform agendas, and serving as independent auditors of the political system;
- The business community can smooth the way for legal empowerment through the UN Global Compact, and by supporting and participating in reform efforts on a local and national basis;
- Religious communities and indigenous spiritual traditions can play a unique and vital part in translating the moral imperatives of legal empowerment into concrete action;
- Various professional associations, including jurists, lawyers, land administration officials, surveyors and urban planners, can also play a role in gathering and disseminating information in their respective communities and networks. They can offer political support for legal empowerment and access to justice reform, as well as increased funding for necessary legal aid and other services.

Together, these initiatives should give:

- Coherent support for legal empowerment efforts in individual countries;
- Foster a political consensus for legal empowerment at the regional and global levels;
- Create new instruments for supporting legal empowerment, such as:
  - o A 'Global Legal Empowerment Compact' as a first step in codifying core rights and spelling out a framework for their realisation;
  - o Mechanisms for tracking progress at every level;
  - o A clearing-house for recording, storing, and disseminating experiences and lessons learned related to legal empowerment;
  - o Public-private partnerships;
  - o A global initiative to promote grass-roots knowledge and innovation.

In summary, the vast majority of the world's people live outside the law. This is a recipe for national and global stagnation. A state that is blind to itself is destined to fail. When so many people are excluded from the rule of law, societies are unable to reach their potential; every element of the economic system – from produc-

tivity and savings to investment and markets to planning and innovation – is deprived of energy and assets. This exclusion makes it harder for governments to meet national needs, and creates social conditions that can generate civil unrest and social disintegration.

The remedy for exclusion is inclusion through Legal Empowerment of the Poor. This is important economically, politically, socially, and morally. A country with laws and institutions that do not shut out the poor will benefit from the contributions of its entire population and from a legal, social, and economic order in which all segments of society have both a voice and a stake. Such countries will be better able to build national cohesion, and more likely to find a positive niche in the competitive world marketplace. The world as a whole will benefit as more and more states undertake the reforms needed to empower the poor. Such initiatives will help to reduce the pressures created by refugee migrations, under-development, famines, environmental neglect, health emergencies, and strife. In an interdependent world, we will all do better if our neighbours are both able to count on the protections of law and expected to live up to their responsibilities under it.

After all, our era is one of seismic shifts, not only in the economic order but also in the creation of a global public domain. Myriad ungoverned interactions flow between states, from the obvious to the near invisible, from the malign to the beneficent. Some must be curbed, some controlled, some eased and encouraged. Yet, as at the national level, our global institutions remain blind to much of reality, equipped rather for yesterday than today, hampering our attempts to grapple with each new problem we face. Who can deny that we all share a responsibility to protect: one which we are far from meeting? Whether for climate change, trade, migration, or security, the world will expect fair rules for the 21st century, rules offering protection and opportunity for all in accordance with shared human rights obligations.

Time for a Renewed Anti-poverty Agenda

It is time for a renewed anti-poverty agenda aimed at including the vast majority of the world's population in the systems of rights and obligations that have shown their ability to foster prosperity over the past 60 years. It is the responsibility of national and global leaders, and of us all, to enlarge that circle of opportunity and extend the reach of protection – not by replicating the trajectory of rich countries but by finding means that enable every country to chart its own path. Though methods will vary, the goal is the same – to enable and empower the poor to succeed both as individuals and contributors to the economic and social well-being of their communities. Further inaction and delay will send human talent early and unused to its grave, and blight the lives that remain.

Making poverty history cannot be accomplished through legal empowerment alone, but it is hard to see how it can be done without it. Legal Empowerment of the Poor recognises the complexity of society and the rich potential of the poor. By unleashing their energy and creativity, we have it within our power to forge a better, more prosperous, equal, and humane world. The time has come to unite in support of that vital and transforming task.